

MONTANA STATE UNIVERSITY FOUNDATION, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



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**MONTANA STATE UNIVERSITY FOUNDATION, INC.
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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Montana State University Foundation, Inc.
Bozeman, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Montana State University Foundation, Inc. and its wholly owned subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Montana State University Foundation, Inc. and its wholly owned subsidiaries as of June 30, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montana State University Foundation, Inc. and its wholly owned subsidiaries 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 consolidated 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 State University Foundation, Inc. and its wholly owned subsidiaries' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 State University Foundation, Inc. and its wholly owned subsidiaries' 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 State University Foundation, Inc. and its wholly owned subsidiaries' 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.

Board of Directors
Montana State University Foundation, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 statement of financial position by entity is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 16, 2022

MONTANA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,589,289	\$ 4,334,557
Prepaid Expenses and Other Current Assets	355,230	313,483
Total Current Assets	2,944,519	4,648,040
RECEIVABLES		
Promises to Give, Net	16,125,815	8,984,564
Notes Receivable	25,673	15,300
Other Receivables	290,203	242,133
Building Receivable	14,412,206	14,092,378
Total Receivables	30,853,897	23,334,375
INVESTMENTS		
Pooled Investments	284,138,095	277,020,236
Other Investments	13,172,155	15,949,662
Real Estate	191,050	328,550
Total Investments	297,501,300	293,298,448
PROPERTY AND EQUIPMENT, NET	6,812,573	19,835,712
BENEFICIAL INTEREST IN TRUSTS	6,887,749	7,490,332
OTHER ASSETS	691,938	572,020
Total Assets	\$ 345,691,976	\$ 349,178,927
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 385,947	\$ 1,335,835
Accrued Liabilities	945,861	798,531
Trust and Annuity Obligations	5,504,741	6,954,155
Agency Funds Held for Others	10,901,546	11,807,652
Notes Payable, Less Unamortized Debt Issuance Costs	4,271,957	3,060,997
Other Liabilities	648,446	1,297,298
Total Liabilities	22,658,498	25,254,468
NET ASSETS		
Without Donor Restrictions	11,819,564	14,766,948
With Donor Restrictions	311,213,914	309,157,511
Total Net Assets	323,033,478	323,924,459
Total Liabilities and Net Assets	\$ 345,691,976	\$ 349,178,927

See accompanying Notes to Consolidated Financial Statements.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 68,019	\$ 53,395,906	\$ 53,463,925
Building Receivable Contribution	-	278,700	278,700
Realized and Unrealized Loss on Investments	(2,632,144)	(9,741,588)	(12,373,732)
Interest and Dividends	681,618	1,721,847	2,403,465
Administrative Fees	6,266,436	(6,018,792)	247,644
Rent and Royalty Income	685,632	41,322	726,954
Contract for Services	1,750,000	-	1,750,000
Sales, Services, and Other, Net	249,079	1,555,596	1,804,675
Total Revenue, Support, and Gains	7,068,640	41,232,991	48,301,631
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Program Restriction to Support MSU	-	(7,052,292)	(7,052,292)
Acquisition and Operation of Facilities	-	(23,669,844)	(23,669,844)
Satisfaction of Scholarship Restrictions	-	(6,694,879)	(6,694,879)
Net Assets Released from Restrictions	37,417,015	-	37,417,015
Total Net Assets Released from Restrictions	37,417,015	(37,417,015)	-
EXPENSES			
Program Expenses:			
MSU Institutional Support	5,942,059	-	5,942,059
MSU Facilities Support	23,601,718	-	23,601,718
Scholarships	8,041,207	-	8,041,207
MSUIC Operations	114,837	-	114,837
Total Program Expenses	37,699,821	-	37,699,821
Support Expenses:			
Alumni Relations	1,206,070	-	1,206,070
General and Administrative	4,871,554	-	4,871,554
Fundraising and Development	3,635,439	-	3,635,439
Total Support Expenses	9,713,063	-	9,713,063
Total Expenses	47,412,884	-	47,412,884
CHANGE IN VALUE OF SPLIT INTEREST AGREEMENTS	(20,155)	(1,759,573)	(1,779,728)
CHANGE IN NET ASSETS	(2,947,384)	2,056,403	(890,981)
Net Assets - Beginning of Year	14,766,948	309,157,511	323,924,459
NET ASSETS - END OF YEAR	\$ 11,819,564	\$ 311,213,914	\$ 323,033,478

See accompanying Notes to Consolidated Financial Statements.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 131,735	\$ 21,201,523	\$ 21,333,258
Building Receivable Contribution	-	273,300	273,300
Realized and Unrealized Gain on Investments	6,616,781	49,420,545	56,037,326
Interest and Dividends	480,655	(46,177)	434,478
Administrative Fees	4,996,750	(4,777,413)	219,337
Dues and Memberships	436	-	436
Rental Income	739,359	93	739,452
Contract for Services	1,700,707	-	1,700,707
Sales, Services, and Other, Net	13,096	197,403	210,499
Total Revenue, Support, and Gains	14,679,519	66,269,274	80,948,793
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Program Restriction to Support MSU	-	(4,141,821)	(4,141,821)
Acquisition and Operation of Facilities	-	(9,290,642)	(9,290,642)
Satisfaction of Scholarship Restrictions	-	(5,734,467)	(5,734,467)
Net Assets Released from Restrictions	19,166,930	-	19,166,930
Total Net Assets Released from Restrictions	19,166,930	(19,166,930)	-
EXPENSES			
Program Expenses:			
MSU Institutional Support	4,214,570	-	4,214,570
MSU Facilities Support	9,290,642	-	9,290,642
Scholarships	5,745,128	-	5,745,128
MSUIC Operations	188,577	-	188,577
Total Program Expenses	19,438,917	-	19,438,917
Support Expenses:			
Alumni Relations	681,208	-	681,208
General and Administrative	3,760,265	-	3,760,265
Fundraising and Development	2,810,266	-	2,810,266
Total Support Expenses	7,251,739	-	7,251,739
Total Expenses	26,690,656	-	26,690,656
CHANGE IN VALUE OF SPLIT INTEREST AGREEMENTS			
	63,776	3,139,673	3,203,449
CHANGE IN NET ASSETS			
Net Assets - Beginning of Year	7,219,569	50,242,017	57,461,586
Net Assets - End of Year	7,547,379	258,915,494	266,462,873
NET ASSETS - END OF YEAR	\$ 14,766,948	\$ 309,157,511	\$ 323,924,459

See accompanying Notes to Consolidated Financial Statements.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services			Support Services				Total
	Total MSU Support and Scholarships	MSUIC Programs	Total Program Services	Alumni Relations	General and Administrative	Fundraising and Development	Total Support Expenses	
MSU Support and Scholarships	\$ 37,584,984	\$ -	\$ 37,584,984	\$ -	\$ -	\$ -	\$ -	\$ 37,584,984
Communications	-	-	-	206,632	42,493	132,696	381,821	381,821
Compensation	-	83,477	83,477	490,806	2,901,658	2,698,865	6,091,329	6,174,806
Contracted Services	-	-	-	26,899	243,910	314,526	585,335	585,335
Credit Card and Bank Fees	-	-	-	-	121,604	3,696	125,300	125,300
Depreciation	-	-	-	-	232,916	-	232,916	232,916
Employee Development	-	-	-	-	98,991	49,367	148,358	148,358
Events	-	8,720	8,720	415,896	17,601	25,294	458,791	467,511
Facilities	-	17,724	17,724	1,985	355,618	16,239	373,842	391,566
Income Taxes	-	-	-	-	86,479	-	86,479	86,479
Information Technology	-	-	-	6,290	248,346	179,313	433,949	433,949
Insurance	-	1,390	1,390	3,446	63,501	(4,030)	62,917	64,307
Interest Expense	-	624	624	-	125,714	-	125,714	126,338
Professional Services	-	2,636	2,636	-	83,503	28,445	111,948	114,584
Travel and Entertainment	-	266	266	54,116	16,390	191,028	261,534	261,800
Uncollectable Pledge Expense	-	-	-	-	232,830	-	232,830	232,830
Total Expenses by Function	37,584,984	114,837	37,699,821	1,206,070	4,871,554	3,635,439	9,713,063	47,412,884
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	\$ 37,584,984	\$ 114,837	\$ 37,699,821	\$ 1,206,070	\$ 4,871,554	\$ 3,635,439	\$ 9,713,063	\$ 47,412,884

See accompanying Notes to Consolidated Financial Statements.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Support Services				Total
	Total MSU Support and Scholarships	MSUIC Programs	Total Program Services	Alumni Relations	General and Administrative	Fundraising and Development	Total Support Expenses	
MSU Support and Scholarships	\$ 19,250,340	\$ -	\$ 19,250,340	\$ -	\$ -	\$ -	\$ -	\$ 19,250,340
Communications	-	-	-	173,002	31,915	109,490	314,407	314,407
Compensation	-	78,831	78,831	450,315	2,206,335	2,290,045	4,946,695	5,025,526
Contracted Services	-	80,394	80,394	6,001	206,868	299,220	512,089	592,483
Credit Card and Bank Fees	-	-	-	-	76,636	-	76,636	76,636
Depreciation	-	-	-	-	211,233	-	211,233	211,233
Employee Development	-	-	-	1,040	44,797	24,685	70,522	70,522
Events	-	-	-	40,237	-	3,828	44,065	44,065
Facilities	-	14,064	14,064	373	337,639	19,769	357,781	371,845
Gift-In Kind Expense	-	-	-	-	175	-	175	175
Income Taxes	-	-	-	-	106,720	-	106,720	106,720
Information Technology	-	-	-	2,544	388,164	42,399	433,107	433,107
Insurance	-	1,375	1,375	5,492	53,481	-	58,973	60,348
Interest Expense	-	-	-	-	132,606	-	132,606	132,606
Professional Services	-	13,507	13,507	-	80,318	4,322	84,640	98,147
Travel and Entertainment	-	406	406	2,204	217	16,508	18,929	19,335
Uncollectable Pledge Expense	-	-	-	-	(116,839)	-	(116,839)	(116,839)
Total Expenses by Function	<u>19,250,340</u>	<u>188,577</u>	<u>19,438,917</u>	<u>681,208</u>	<u>3,760,265</u>	<u>2,810,266</u>	<u>7,251,739</u>	<u>26,690,656</u>
Total Expenses Included in the Expense Section on the Consolidated Statements of Activities	<u>\$ 19,250,340</u>	<u>\$ 188,577</u>	<u>\$ 19,438,917</u>	<u>\$ 681,208</u>	<u>\$ 3,760,265</u>	<u>\$ 2,810,266</u>	<u>\$ 7,251,739</u>	<u>\$ 26,690,656</u>

See accompanying Notes to Consolidated Financial Statements.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (890,981)	\$ 57,461,586
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	232,916	211,233
Loss on Disposal of Property and Equipment	17,408,556	-
Noncash Contributions	(15,845,111)	(3,642,707)
Change in Net Carrying Value of Trusts	602,583	(859,108)
Realized and Unrealized (Gain) Loss on Investments	12,373,732	(56,037,325)
Contributions Restricted for Investment in Endowment	(3,638,470)	(3,638,470)
Noncash Building Contribution	(319,828)	(314,430)
Changes in Operating Assets and Liabilities:		
Notes Receivable	(10,373)	28,875
Promises to Give, Net	(6,005,590)	11,986,151
Other Receivables	(48,070)	(3,266)
Other Assets	(161,665)	(242,045)
Accounts Payable	(2,208,789)	(866,712)
Accrued Liabilities	147,330	(21,043)
Other Liabilities	(648,852)	486,246
Trust and Annuity Obligations	(1,449,414)	1,197,774
Agency Funds Held for Others	(906,106)	2,367,938
Net Cash Provided (Used) by Operating Activities	(1,368,132)	8,114,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property and Equipment	(3,359,432)	(9,659,185)
Purchases of Investments	(134,803,020)	(123,114,322)
Proceeds from Sale of Investments	134,071,547	125,437,360
Net Cash Used by Investing Activities	(4,090,905)	(7,336,147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	1,210,960	(85,538)
Contributions Restricted for Investment in Endowment	2,502,809	2,502,809
Net Cash Provided by Financing Activities	3,713,769	2,417,271
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,745,268)	3,195,821
Cash and Cash Equivalents - Beginning of Year	4,334,557	1,138,736
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,589,289	\$ 4,334,557
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 126,147	\$ 127,736
Cash Paid (Refunded) for Income Taxes	\$ (1,312)	\$ 43,313
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Accounts Payable for Property and Equipment	\$ -	\$ 1,258,901
Equipment Financed through Capital Lease Arrangement	\$ -	\$ -

See accompanying Notes to Consolidated Financial Statements.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Montana State University Foundation, Inc., located in Bozeman, Montana, was incorporated in 1946 in the state of Montana as a nonprofit corporation. Effective December 31, 2011, the MSU Alumni Association merged into Montana State University Foundation, Inc. The merged organization is doing business as the Montana State University Alumni Foundation (MSU Alumni Foundation), whose mission is to create lifelong relationships and secure private support to advance Montana State University (MSU). Accordingly, the primary activities of the MSU Alumni Foundation include alumni relations, fundraising, and asset management in support of MSU.

Basis of Consolidation

The consolidated financial statements include the accounts of the MSU Alumni Foundation and its wholly owned subsidiaries (collectively, the Foundation), Advanced Technology Inc. (ATI) and Montana State University Innovation Campus (MSUIC). ATI owns real estate in Bozeman, Montana, and is engaged in leasing office and lab space to MSU. MSUIC is developing a University-related research park to promote economic development and partnerships between high tech-based businesses and the research community of MSU, the region, and the state of Montana. All significant intercompany transactions have been eliminated in consolidation.

Basis of Presentation

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

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The Board of Governors has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated purpose for which the resource was restricted has been fulfilled.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenues are reported as increases in net assets without restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor-restricted net assets unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Foundation defines cash and cash equivalents as all interest-bearing deposits and debt securities with original maturities of three months or less to be cash equivalents, unless held as part of pooled assets. The Foundation maintains its cash deposits at various financial institutions whose cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for deposits up to \$250,000. From time to time, certain bank accounts that are subject to limited FDIC coverage may exceed their insured limits.

Revenue Recognition

Revenue is recognized when it is earned and realized or realizable.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Consequently at June 30, 2022 and 2021, contributions approximating \$140.7 million and \$4.8 million, respectively, have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend have not yet been met. Contributions of assets other than cash are recorded at their estimated fair value on the date contributed.

Investments

The Foundation aggregates most of its investments to maximize total return. These are split into the Short-Term Investment Pool, which focuses on liquidity, and the Long-Term Investment Pool, which focuses on long-term growth (together, the Pool).

Pooled investments are managed by third-party investment managers engaged by the Foundation and are monitored by management and the Investment Committee of the Board of Governors. The Pool invests in equity and debt securities and alternative investments. Annual changes in market value are recorded as market gain or loss in the consolidated statements of activities. Though the values of the investments are subject to fluctuation on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Foundation.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments in cash equivalents, corporate bonds, other fixed income securities, and equity securities with readily determinable fair values are reported at fair value as set forth in Note 8. Investments held in alternative structures are recorded at net asset values provided by external investment managers as a practical expedient in determining fair value. Because such investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for such investments existed.

Alternative investments include institutional funds, private equity funds, and limited liability companies. Institutional funds are multi-strategy, commingled equity, and bond funds. Private equity funds are primarily comprised of investments in limited partnerships.

Donated securities are recorded at their fair values, as determined on the date of donation. Investment income and gains and losses are recorded in the period incurred.

Investments in real estate represent real estate received from donors. Real estate is recorded at its estimated fair value based upon third party valuations. Realized gains or losses on sales of real estate are recognized upon disposition on a specific identification basis.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described below:

Level 1 – Quoted market prices available through public markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, 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 for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Buildings, land improvements, and equipment are stated at cost. The Foundation capitalizes all property and equipment with an original cost of \$5,000 or more and more than two years of useful life. Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$189,048 and \$164,348 for the Foundation and \$43,869 and \$46,885 for ATI, respectively. Depreciation expense for the Foundation and ATI is included in General and Administrative expenses. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and Improvements	8 to 50 Years
Furniture and Equipment	5 to 10 Years
Computers and Software	5 to 15 Years

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is determined by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount exceeds the future cash flows, the assets are considered to be impaired and the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Building Receivable

MSUIC entered into a ground lease agreement with a developer with annual rent of \$1 and a provision that ownership of the buildings, structures, and improvements constructed reverts to and becomes the property of MSUIC. The lease terminates upon the 10th anniversary of the first tenant's occupancy of the building, which is estimated as December 31, 2029. The building receivable includes two elements, (1) annual imputed ground lease rental income and (2) annual adjustments to the present value of the contribution. Based on the ground lease rent calculation description included in the development agreement, MSUIC has estimated the market value of the ground lease to be \$510,000 over the term of the lease. Rental Income of \$41,128 and \$41,130 was recorded in 2022 and 2021, respectively. The remaining value of the building and improvements that will revert to MSUIC at the end of the lease term is considered a charitable contribution. MSUIC estimated the present value of the contribution receivable using a 2% discount rate and recognized \$13,394,300 in 2019 at the inception of the lease. The increase in the present value of \$278,700 and \$273,300 was recorded as a contribution in 2022 and 2021.

Together these make up the building receivable of \$14,412,206 and \$14,092,378 as of June 30, 2022 and 2021, respectively.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Fees

Administrative fees include an endowment management fee and a service fee. The endowment management fee is an annual fee of 1.75% and 1.9% in 2022 and 2021, respectively, (charged quarterly) to the endowment and quasi-endowment funds. The service fee is a one-time 5% fee assessed on all contributions, sales, services and other revenue received.

Functional Expenses

The costs of providing services have been summarized on a functional basis in the statements of activities. Program Expenses do not include any overhead, they are paid on a reimbursement basis. Support Expenses are allocated as follows: Fundraising and alumni relations expenses include costs directly attributable to those functions. Directly attributable expenses include wages and benefits, travel, services, and events. Administration and general expenses include directly attributable expenses as well as indirect expenses that support all programs and operations of the Foundation. Indirect expenses include facility services, supplies, information technology, brand development, and professional development.

Split-Interest Agreements

The Foundation has entered into several charitable gift annuity agreements and charitable remainder trusts (split interest agreements) for which the Foundation is the trustee.

Under these agreements, the donor contributes assets in exchange for regular distributions for life or a specified period to the donor or other beneficiaries. Distributions are based on the value of the assets contributed and terms specified in the agreement. At the end of the specified time, the remaining assets are available to the Foundation for a charitable purpose as specified by the donor.

The Foundation has segregated these assets as separate and distinct funds not to be applied to payment of the debts and obligations of the Foundation or any other purpose other than annuity benefits specified in the agreements.

Assets are recorded at fair value. Liabilities incurred in the exchange portion of the agreement are also recognized based on each arrangement's terms and actuarial assumptions. The Foundation has elected the fair value option to measure these liabilities. Accordingly, the liabilities are revalued periodically using present value techniques, which factor in actuarial life expectancy tables and Internal Revenue Service (IRS) discount rates at year-end.

The difference between the fair value of the assets received and the liability to the designated beneficiaries is recognized as contributions, based on the stated percentage interest of the remainder value that will be retained by the Foundation.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements (Continued)

During the term of the arrangement, annuity benefits, amortization, and revaluations in the assets and liabilities are recognized in the accompanying consolidated statements of activities as “Changes in Value of Split Interest Agreements.” These changes are classified as net assets with donor restrictions or net assets without donor restrictions, depending on the restriction on the remainder asset.

Income Taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), by a determination letter dated September 11, 1958, and has been ruled by the IRS not to be a private foundation. Income from certain activities not directly related to the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income, as well as income specifically categorized as unrelated by law. Certain investments in alternative investments generate unrelated business income.

With respect to ATI, deferred income tax assets and liabilities are recognized for the estimated future consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. The effect on deferred income tax assets and liabilities due to a change in tax rates is recognized in income tax expense in the period that includes the enactment date.

Use of Estimates

Management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with U.S. GAAP. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Management has evaluated subsequent events through December 16, 2022, the date the financial statements were available to be issued.

In May 2022, the Foundation entered into an agreement to acquire the land and facilities at 4350 Spain Bridge Road, Belgrade, Montana for \$4,725,000. The Foundation concluded the purchase on August 26, 2022. MSU is renting this property from the Foundation as a practice facility for the MSU Bobcat Rodeo team and is responsible for all operating and capital costs.

The Foundation entered into an unsecured note payable August 24, 2022, to finance this purchase. The 4.25% note payable is due in quarterly installments of interest accrued, and annual principal payments of \$520,000, maturing August 24, 2027.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 LIQUIDITY

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

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 2,580,786	\$ 4,334,557
Promises Receivable, Net	16,125,815	8,984,564
Pooled Investments	284,138,095	277,020,236
Other Investments	13,172,155	15,949,662
Receivables, Real Estate, and Other Assets	757,070	871,680
Perpetual Trust	983,211	1,248,253
Total Financial Assets	<u>317,757,132</u>	<u>308,408,952</u>
Less Amounts Not Available to be Used Within One Year:		
Perpetual Donor Restrictions	(179,649,453)	(151,907,622)
Purpose Donor Restrictions	(105,612,979)	(117,304,469)
Funds held in Agency	(10,901,546)	(11,807,652)
Reserve funds for Trusts and Annuities	(12,848,864)	(15,609,300)
Board-Designated Restrictions	(4,535,360)	(3,587,048)
Amounts Not Available to be Used Within One Year	<u>(313,548,202)</u>	<u>(300,216,091)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 4,208,930</u>	<u>\$ 8,192,861</u>

The Foundation's general expenditures include fundraising, alumni relations, and administrative expenses. To meet the cash needs for these general expenditures during the year, the Foundation relies upon administrative fees (endowment management fee and service fee), contracted services revenue from MSU, and investment earnings from the Short-Term Investment Pool. The Foundation anticipates collecting sufficient annual revenue to cover general expenditures.

The Foundation's board has designated a portion of its cash and cash equivalents without donor restrictions as an operating reserve. This reserve holds at least 90 days of operating expenses and remains available for use at the discretion of the board. The operating reserve was \$3,202,535 and \$3,281,607, respectively, as of June 30, 2022 and 2021.

The majority of the Foundation's assets are held for MSU with donor restrictions. The expenditures of these assets are not considered general expenditures. Restricted assets without permanent restrictions are available for expenditure by MSU upon meeting the restrictions.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 NET ASSETS

Net assets without donor restrictions as of June 30 are available for the following purposes or periods:

	2022	2021
Without Donor Restrictions:		
Undesignated	\$ 2,684,146	\$ 6,550,087
Designated by the Board for Operating Reserve	3,703,612	3,557,260
Designated by the Board for Endowment Fund	29,788	29,788
Designated by the Board for MSU Support	801,960	-
Endowment Earnings Restricted by Spending Policy	484,442	755,581
Invested in Property and Equipment, Net of Related Debt	4,115,616	3,874,232
Total Without Donor Restrictions	\$ 11,819,564	\$ 14,766,948

Net assets with donor restrictions as of June 30 are available for the following purposes or periods:

	2022				
	Perpetual	Purpose	Underwater	Time	Total
MSU Programs	\$ 76,979,935	\$ 62,015,057	\$ (662,451)	\$ -	\$ 138,332,541
MSU Students	98,889,477	29,568,367	(421,327)	-	128,036,517
MSU Facilities	2,821,697	13,455,928	-	-	16,277,625
Charitable Trusts and Gift Annuities	10,373,859	3,720,115	-	-	14,093,974
Land Required to be Used as a Recreation Area	61,050	-	-	-	61,050
Building Contribution - MSUIC	-	-	-	14,412,207	14,412,207
Total	\$ 189,126,018	\$ 108,759,467	\$ (1,083,778)	\$ 14,412,207	\$ 311,213,914

	2021				
	Perpetual	Purpose	Underwater	Time	Total
MSU Programs	\$ 57,199,193	\$ 61,175,753	\$ -	\$ -	\$ 118,374,946
MSU Students	91,332,864	37,021,937	(253)	-	128,354,548
MSU Facilities	2,128,951	30,303,764	-	-	32,432,715
Charitable Trusts and Gift Annuities	11,944,267	4,054,585	-	-	15,998,852
Land Required to be Used as a Recreation Area	61,050	-	-	-	61,050
Building Contribution - MSUIC	-	-	-	13,935,400	13,935,400
Total	\$ 162,666,325	\$ 132,556,039	\$ (253)	\$ 13,935,400	\$ 309,157,511

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 NET ASSETS (CONTINUED)

Net assets with purpose donor restrictions as of June 30 are available for the following purposes or periods:

	2022	2021
Subject to Foundation Endowment Spending Policy and Appropriation:		
MSU Programs	\$ 7,548,897	\$ 13,861,541
MSU Students	10,282,553	19,942,411
MSU Facilities	323,101	511,811
Total	18,154,551	34,315,763
Not Subject to Endowment Spending Policy or Appropriation:		
MSU Programs	54,466,160	47,314,212
MSU Students	19,285,814	17,079,526
MSU Facilities	13,132,827	29,791,953
Charitable Trusts and Gift Annuities	3,720,115	4,054,585
Total	90,604,916	98,240,276
Total Net Assets With Donor Restrictions - Purpose	\$ 108,759,467	\$ 132,556,039

NOTE 4 ENDOWMENT

The Foundation's endowment consists of numerous individual funds in which the donor has required the original gift be held in perpetuity and the income to be used for the donor-restricted purpose. Additionally, the Foundation holds donor-restricted gifts as quasi-endowments. These quasi-endowments have been designated by the board and MSU to be treated as perpetual funds. These funds are held by the Foundation to provide income for the maintenance of MSU and the Foundation's charitable purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the prudent spending of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Foundation and the donor-restricted endowment fund;

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

- (3) General economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Foundation; and
- (7) The investment policies of the Foundation.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original contribution value. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were deficiencies of \$1,083,778 and \$253 in these funds as of June 30, 2022 and 2021, respectively.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that are designed to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Accordingly, the Foundation's investment policy is designed to produce investment returns that exceed the sum of its spending policy, investment fees, and estimated long-term inflation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on the total return strategy of the Long-Term Investment Pool in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation, including fixed income, domestic and international equity, private equity, real assets, and hedge funds, to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy is based on a 12-quarter weighted average of the endowment's market value multiplied by the Foundation's spending rate of 4%. Assuming there is not a prohibition in the donor agreement against the use of the original gift, spending is curtailed when the value of the endowment drops to 80% of the original contribution amount.

In establishing this policy, the Foundation considered the donor's intent of the fund purpose as well as the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the donor's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)

Endowment net asset composition by type of restriction as of June 30 is as follows:

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 179,649,453	\$ 179,649,453
Board-Designated Endowment Funds:			
Donor-Restricted Purpose	-	31,351,218	31,351,218
Board-Designated Purpose	29,788	-	29,788
Accumulated Investment Gains	484,442	20,009,319	20,493,761
Total	<u>\$ 514,230</u>	<u>\$ 231,009,990</u>	<u>\$ 231,524,220</u>
The Endowment Fund is Comprised of:			
Pooled Investments	\$ 514,230	\$ 219,364,057	\$ 219,878,287
Promises to Give (Net of Discount and Allowance)	-	10,437,656	10,437,656
Securities and Other Receivables	-	225,066	225,066
Total	514,230	230,026,779	230,541,009
Externally Held Perpetual Trust	-	983,211	983,211
Total Endowment Net Assets	<u>\$ 514,230</u>	<u>\$ 231,009,990</u>	<u>\$ 231,524,220</u>
	2021		
	Without Donor Restriction	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 151,907,622	\$ 151,907,622
Board-Designated Endowment Funds:			
Donor-Restricted Purpose	-	27,423,248	27,423,248
Board-Designated Purpose	29,788	-	29,788
Accumulated Investment Gains	755,581	38,591,638	39,347,219
Total	<u>\$ 785,369</u>	<u>\$ 217,922,508</u>	<u>\$ 218,707,877</u>
The Endowment Fund is Comprised of:			
Pooled Investments	\$ 785,369	\$ 214,133,849	\$ 214,919,218
Promises to Give (Net of Discount and Allowance)	-	2,340,206	2,340,206
Securities and Other Receivables	-	200,200	200,200
Total	785,369	216,674,255	217,459,624
Externally Held Perpetual Trust	-	1,248,253	1,248,253
Total Endowment Net Assets	<u>\$ 785,369</u>	<u>\$ 217,922,508</u>	<u>\$ 218,707,877</u>

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy
(Continued)

Changes in endowment net asset composition by type of restriction for the years ended June 30 are as follows:

	2022		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 785,369	\$ 217,922,508	\$ 218,707,877
Contributions to be Held in Perpetuity	-	28,006,874	28,006,874
Additions	-	3,927,971	3,927,971
Amount Appropriated for Expenditure	(99,231)	(6,510,126)	(6,609,357)
Investment Return, Net	(108,220)	(8,266,483)	(8,374,703)
Fees	(63,688)	(3,805,712)	(3,869,400)
Net Revaluation of Split Interest Agreements	-	(265,042)	(265,042)
Endowment Net Assets - End of Year	<u>\$ 514,230</u>	<u>\$ 231,009,990</u>	<u>\$ 231,524,220</u>
	2021		
	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 74,467	\$ 171,109,346	\$ 171,183,813
Contributions to be Held in Perpetuity	-	3,638,470	3,638,470
Additions	-	2,628,198	2,628,198
Amount Appropriated for Expenditure	(101,190)	(5,673,326)	(5,774,516)
Investment Return, Net	871,968	49,386,879	50,258,847
Fees	(59,876)	(3,394,493)	(3,454,369)
Net Revaluation of Split Interest Agreements	-	227,434	227,434
Endowment Net Assets - End of Year	<u>\$ 785,369</u>	<u>\$ 217,922,508</u>	<u>\$ 218,707,877</u>

NOTE 5 PROMISES TO GIVE

Promises to give are recorded at their fair value using a present value approach. This measurement of fair value uses significant unobservable inputs (Level 3 inputs), including estimated timing of receipts and collectability. This calculation includes an applied discount rate of 3.004% at June 30, 2022, and 0.87% at June 30, 2021, which is management's estimate of a risk-free rate of return. The accretion of the discount in subsequent years is reported as additional contributions in the net asset class in which the original pledge was recorded. Payments are due based on the underlying donor agreement. Uncollectible promises are charged to bad debt (administration and general expense) once all attempts at collection have been exhausted.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 PROMISES TO GIVE (CONTINUED)

Promises to give, net of present value discounts and allowance for uncollectible promises, at June 30 are scheduled to be received as follows:

	<u>2022</u>	<u>2021</u>
Within One Year	\$ 3,681,557	\$ 6,347,444
In One to Five Years	13,602,576	2,930,749
Over Five Years	39,556	-
Total	<u>17,323,689</u>	<u>9,278,193</u>
Less: Unamortized Discount	(1,024,637)	(87,292)
Less: Allowance for Uncollectible Promises to Give	<u>(173,237)</u>	<u>(206,337)</u>
Promises to Give, Net	<u>\$ 16,125,815</u>	<u>\$ 8,984,564</u>

The following table represents a reconciliation of the beginning and ending balances of promises to give for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Promises to Give, Net - Beginning of Year	\$ 8,984,564	\$ 19,835,054
New Unconditional Promises to Give	18,407,031	6,280,107
Amounts Received from Promises to Give	(10,361,536)	(17,244,264)
Change in Unamortized Discount	(937,344)	(30,317)
Change in Uncollectible Promises	33,100	143,984
Promises to Give, Net - End of Year	<u>\$ 16,125,815</u>	<u>\$ 8,984,564</u>

NOTE 6 OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
Other Receivables	\$ 69,553	\$ 2,300
ATI Leasing Receivables	162,909	217,792
MSUIC Accounts Receivable	57,741	22,041
Total Other Receivables	<u>\$ 290,203</u>	<u>\$ 242,133</u>

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 INVESTMENTS

The investment components at June 30 are as follows:

	2022	2021
Pooled Investments		
Short-Term Investment Pool:		
Mutual Funds	\$ 23,028,305	\$ 20,279,752
Cash Equivalents	11,419,312	10,183,215
Total Short-Term Investment Pool	34,447,617	30,462,967
Long-Term Investment Pool:		
Mutual Funds	135,751,212	147,051,436
Alternative Investments	104,513,149	98,248,727
Cash Equivalents	9,426,117	1,257,106
Total Long-Term Investment Pool	249,690,478	246,557,269
Total Pooled Investments	\$ 284,138,095	\$ 277,020,236
Other Investments		
Equity Securities	\$ 323,291	\$ 340,362
Mutual Funds	-	-
Investments Held for Split Interest Agreements	12,848,864	15,609,300
Total Other Investments	\$ 13,172,155	\$ 15,949,662
Real Estate		
Real Estate Investments	\$ 191,050	\$ 328,550

Pooled investments include investments in the Short-Term Investment Pool and the Long-Term Investment Pool. Earnings on the Long-Term Investment Pool are allocated ratably based on invested balances during the year, in accordance with policy.

Investment Income

Investment income is recorded net of fees charged by the third-party asset managers of approximately \$2,470,000 and \$2,930,000 in 2022 and 2021, respectively.

Investment income in the consolidated financial statements is recorded net of income allocated to agency funds. Investment income is as follows:

	2022	2021
Dividends and Interest	\$ 2,491,618	\$ 429,698
Realized Gains	9,219,503	12,830,880
Unrealized Gains (Losses)	(21,981,342)	45,997,785
Total	(10,270,221)	59,258,363
Less: Income Allocated to Agencies	299,954	(2,786,559)
Total Investment Income	\$ (9,970,267)	\$ 56,471,804

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 INVESTMENTS (CONTINUED)

Investment Income (Continued)

Investment income is presented on the consolidated financial statements as follows:

	<u>2022</u>	<u>2021</u>
Market Gain (Loss) on Investments	\$ (12,373,732)	\$ 56,037,326
Interest and Dividends	2,403,465	434,478
Total	<u>\$ (9,970,267)</u>	<u>\$ 56,471,804</u>

NOTE 8 FAIR VALUE MEASUREMENTS

Investments and beneficial interests in trusts are measured using the fair value inputs as described in Note 1 and are categorized as follows:

	<u>2022</u>				<u>Total</u>
	<u>Cost</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Net Asset Value</u>	
Pooled Investments					
Cash and Cash Equivalents	\$ 20,845,429	\$ -	\$ -	\$ -	\$ 20,845,429
U.S. Equity Securities	-	-	-	-	-
Mutual Funds:					
Domestic Equities	-	52,026,578	-	-	52,026,578
Fixed Income	-	56,166,358	-	-	56,166,358
International Equity	-	35,769,659	-	-	35,769,659
Real Assets	-	14,816,922	-	-	14,816,922
Alternative Investments:					
Fixed Income	-	-	-	29,125	29,125
Hedge Funds	-	-	-	26,081,288	26,081,288
Private Equity	-	-	-	53,256,002	53,256,002
Real Assets	-	-	-	25,146,734	25,146,734
Total Pooled Investments	<u>20,845,429</u>	<u>158,779,517</u>	<u>-</u>	<u>104,513,149</u>	<u>284,138,095</u>
Other Investments					
Equity Securities					
Banking	-	-	-	-	-
Pharmaceutical industry	-	-	200,200	-	200,200
Real Estate	-	-	98,225	-	98,225
US Equity Portfolio	-	24,866	-	-	24,866
Mutual Funds for Split Interest					
Agreements:					
U.S. Bonds	-	2,807,668	-	-	2,807,668
Non-U.S. Bonds	-	528,114	-	-	528,114
International Equity	-	2,817,838	-	-	2,817,838
Money Market	-	345,351	-	-	345,351
Real Estate Investment Trusts	-	1,948,332	-	-	1,948,332
Domestic Equity	-	4,401,561	-	-	4,401,561
Total Other Investments	<u>-</u>	<u>12,873,730</u>	<u>298,425</u>	<u>-</u>	<u>13,172,155</u>
Beneficial Interest in Trusts	<u>-</u>	<u>-</u>	<u>6,887,749</u>	<u>-</u>	<u>6,887,749</u>
Total	<u>\$ 20,845,429</u>	<u>\$ 171,653,247</u>	<u>\$ 7,186,174</u>	<u>\$ 104,513,149</u>	<u>\$ 304,197,999</u>

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

	2021				Total
	Cost	Level 1	Level 3	Net Asset Value	
Pooled Investments					
Cash and Cash Equivalents	\$ 11,440,321	\$ -	\$ -	\$ -	\$ 11,440,321
U.S. Equity Securities	-	-	-	-	-
Mutual Funds:					
Domestic Equities	-	56,559,007	-	-	56,559,007
Fixed Income	-	51,502,963	-	-	51,502,963
International Equity	-	45,223,586	-	-	45,223,586
Real Assets	-	14,045,632	-	-	14,045,632
Alternative Investments:					
Fixed Income	-	-	-	28,717	28,717
Hedge Funds	-	-	-	30,960,735	30,960,735
Private Equity	-	-	-	42,397,821	42,397,821
Real Assets	-	-	-	24,861,454	24,861,454
Total Pooled Investments	11,440,321	167,331,188	-	98,248,727	277,020,236
Other Investments					
Equity Securities					
Banking	-	-	-	-	-
Pharmaceutical industry	-	-	200,200	-	200,200
Real Estate	-	-	140,162	-	140,162
US Equity Portfolio	-	-	-	-	-
Mutual Funds for Split Interest					
Agreements:					
U.S. Bonds	-	3,574,480	-	-	3,574,480
Non-U.S. Bonds	-	613,999	-	-	613,999
International Equity	-	3,401,134	-	-	3,401,134
Money Market	-	373,307	-	-	373,307
Real Estate Investment Trusts	-	2,315,111	-	-	2,315,111
Domestic Equity	-	5,331,269	-	-	5,331,269
Total Other Investments	-	15,609,300	340,362	-	15,949,662
Beneficial Interest in Trusts	-	-	7,490,332	-	7,490,332
Total	\$ 11,440,321	\$ 182,940,488	\$ 7,830,694	\$ 98,248,727	\$ 300,460,230

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Foundation's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2022	2021		
Beneficial Interest in Trust	\$ 6,887,749	\$ 7,490,332	FMV of Trust Investments	Time Period of Trust
Equities	298,425	340,362	FMV of Companies	Underlying Assets and Liabilities of Companies

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

Net Asset Value Fair Value Investments

The following is a summary of the investments whose net asset value approximates fair value and the related unfunded commitments and redemption restrictions associated with each major category at June 30:

Category	2022		Fair Value	Unfunded Commitments
	Redemption Notice Period	Redemption Notice Period		
Fixed Income	None	n/a	\$ 29,125	\$ -
Hedge Funds	Quarterly	60 days	4,905,935	-
Hedge Funds	Quarterly	90 days	7,597,046	-
Hedge Funds	Annually	45 days	34,310	-
Hedge Funds	Annually	90 days	13,543,997	-
Private Equity	None	n/a	53,256,002	22,699,000
Real Assets	None	n/a	25,146,734	17,128,000
			\$ 104,513,149	\$ 39,827,000

Category	2021		Fair Value	Unfunded Commitments
	Redemption Notice Period	Redemption Notice Period		
Fixed Income	None	n/a	\$ 28,717	\$ -
Hedge Funds	Daily	2 days	5,454,479	-
Hedge Funds	Quarterly	60 days	10,554,012	-
Hedge Funds	Quarterly	90 days	494,091	-
Hedge Funds	Annually	45 days	32,513	-
Hedge Funds	Annually	90 days	14,425,640	-
Private Equity	None	n/a	42,397,820	30,339,247
Real Assets	None	n/a	24,861,455	21,281,401
			\$ 98,248,727	\$ 51,620,648

Domestic Equities

This category includes investments in U.S. mutual funds. With respect to risk reduction through diversification, mutual funds provide a simplified option of investing in diverse equities. Within domestic equities, both low cost index funds and actively managed funds are utilized. The purpose of the equity segment of the portfolio is to provide principal appreciation that exceeds inflation. These investments typically provide daily liquidity.

International Equities

This category includes investments in mutual funds holding securities of companies outside the U.S. Both index funds and actively managed funds are utilized. The purpose of the international equity segment of the portfolio is to provide the benefits of global diversification and principal appreciation exceeding inflation. These investments typically provide daily liquidity.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

Fixed Income

This category includes bonds, bond funds, money market funds, and investments in private funds that invest in debt securities. The purpose of the fixed income segment is to provide a hedge against deflation, to provide a stable component of return and to mitigate the overall volatility of the portfolio. Liquidity can range from daily to several years.

Hedge Funds

This category includes investments in equity, debt, structured products, and derivative securities. Debt securities include corporate debt, mortgage debt, and sovereign debt. The managers of these funds have the flexibility to change their exposure based on their view of securities and the overall market. The strategies of these funds include event-driven, relative value, arbitrage, and directional strategies. Certain of these funds have various redemption and notice of redemption requirements that generally limit the ability to liquidate them in a short period of time.

Real Assets

This category includes mutual funds and investments in private funds that provide exposure to physical assets like real estate, infrastructure, commodities, precious metals, and energy. Real assets tend to exhibit lower correlation to traditional stocks and fixed income and provide inflation protection as real asset prices tend to rise as consumer prices rise. Certain of these funds have various redemption and notice of redemption requirements that generally limit the ability to liquidate them in a short period of time.

Private Equity

These are strategies involving the equity of private companies rather than equity that is traded on a public exchange. Private equity participants typically invest in private companies through Limited Partnerships, with the goal of improving the economic value of their investment over a long-term horizon, typically around 10 years, which also makes them very illiquid. Typical strategies include buyouts, growth equity, venture capital, and special situations. As private equity strategies tend to be unique, the investments tend not to be correlated with other investments.

NOTE 9 PROPERTY AND EQUIPMENT

Property and equipment at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Land and Improvements	\$ 4,618,442	\$ 4,607,382
Buildings	6,163,737	6,118,499
Construction in Progress	500	12,908,096
Computer Hardware and Software	731,413	696,733
Equipment	<u>342,584</u>	<u>316,189</u>
Subtotal	11,856,676	24,646,899
Less: Accumulated Depreciation	<u>(5,044,103)</u>	<u>(4,811,187)</u>
Total Property and Equipment	<u>\$ 6,812,573</u>	<u>\$ 19,835,712</u>

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 PROPERTY AND EQUIPMENT (CONTINUED)

The carrying value of buildings held for lease as of June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Buildings Held for Lease, at Cost	\$ 4,372,591	\$ 4,372,591
Less: Accumulated Depreciation	(3,424,916)	(3,381,047)
Total	<u>\$ 947,675</u>	<u>\$ 991,544</u>

In 2020, the Foundation entered into an agreement with MSU in relation to capital improvements to be made to MSU's football stadium. Under this agreement, the Foundation leased a portion of the stadium to construct the Bobcat Athletic Complex, a building on the north end of the stadium. Upon completion of construction, the lease terminated, and the complex was transferred to MSU, totaling \$17,408,556 in construction costs paid by the Foundation.

NOTE 10 AGENCY FUNDS HELD FOR OTHERS

The Foundation held the assets as of June 30 for the following named organizations:

	<u>2022</u>	<u>2021</u>
Museum of the Rockies, Inc.	\$ 519,315	\$ 520,742
Montana State University	8,383,919	9,035,579
Montana State University Bobcat Club	1,998,312	2,251,331
Agency Funds Held for Others	<u>\$ 10,901,546</u>	<u>\$ 11,807,652</u>

Earnings on these assets are credited to each organization's agency account.

Assets held on behalf of these organizations as of June 30 are included in the Foundation's consolidated statements of financial position as follows:

	<u>2022</u>	<u>2021</u>
Short-Term Investment Pool	\$ 401,678	\$ 437,538
Long-Term Investment Pool	10,499,868	11,370,114
Agency Funds Held for Others	<u>\$ 10,901,546</u>	<u>\$ 11,807,652</u>

NOTE 11 TRANSACTIONS BETWEEN WITHOUT DONOR-RESTRICTED AND WITH DONOR-RESTRICTED NET ASSETS

Without donor-restricted funds have borrowed \$1,573,000 at June 30, 2022 and 2021 from the Short-Term Investment Pool. This long-term loan was used to invest in ATI and bears no interest.

The Foundation has invested \$17,000,000 at June 30, 2022 and 2021 of donor-restricted funds, which are typically invested in the Short-Term Investment Pool, into the Long-Term Investment Pool. This was done to maximize investment returns.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 NOTES PAYABLE

Notes payable at June 30 consist of the following:

<u>Description</u>	2022		2021	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
ATI fixed rate 4.15% note payable, with monthly principal and interest payments of \$17,728 through maturity in October 2027, when remaining principal is due. The borrower on this loan is Nopper Building, LLC, guaranteed by ATI and is secured by property and assignment of rents on 900, 910, and 920 Technology Blvd Bozeman, MT 59718.	\$ 2,193,981	\$ 18,159	\$ 2,531,798	\$ 21,556
3.91% note payable due in monthly installments of \$3,943 with a balloon payment of \$218,492 due August 1, 2030; secured by property	486,232	4,453	513,942	5,016
3.17% note payable due in monthly interest payments, three annual installments of \$500,000 each starting December 31,2001, a payment of \$1,000,000 on December 31,2023, and one final payment of the remaining balance on December 31, 2024.	1,575,000	-	-	-
MSUIC 1.0% note payable, annual payments of \$1,767 beginning August 2021, including principal and interest with a balloon payment due August 2027 including all principal and interest, unsecured	40,484	1,128	41,829	-
Total Debt	4,295,697	\$ 23,740	3,087,569	\$ 26,572
Less: Unamortized Debt Issuance Costs	(23,740)		(26,572)	
Total Notes Payable, Net of Unamortized Debt Issuance Costs	\$ 4,271,957		\$ 3,060,997	

Maturities of notes payable subsequent to June 30, 2022 are scheduled as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 653,818
2024	1,160,311
2025	242,247
2026	174,200
2027	181,443
Thereafter	1,883,678
Total	\$ 4,295,697

Interest expense during the years ended June 30, 2022 and 2021 amounted to \$126,339 and \$126,301, respectively.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 OTHER LIABILITIES

The components of other liabilities are as follows as of June 30:

	2022	2021
Bobcat Athletic Complex Retainage	\$ -	\$ 574,188
Deferred Income Taxes	31,247	25,638
Other Miscellaneous Deferrals	19,660	7,326
ATI Lease Deposits	-	7,857
Liability to MSU for Deferred Compensation	597,539	682,289
Total	\$ 648,446	\$ 1,297,298

Liability to MSU for Deferred Compensation

In 2010, the Foundation entered into a memorandum of understanding with MSU whereby the Foundation committed to provide \$50,000 annually to MSU, for a period not to exceed 10 years, beginning in January 2025. These payments are earmarked for deferred compensation costs associated with a key MSU employee. Payments were contingent on pre-determined employee performance milestones, which the employee has met. The Foundation has determined that payment on this agreement is probable and has estimated the liability using the present value method, using a 3.25% discount rate.

In 2016, the Foundation entered into a memorandum of understanding with MSU whereby the Foundation committed to provide \$100,000 annually to MSU, for a period not to exceed five years, beginning in January 2020. These payments are earmarked for deferred compensation costs associated with a key MSU employee. Payments were contingent on pre-determined employee performance milestones, which the employee has met. The Foundation has estimated the liability using the present value method, using a 1.01% discount rate.

NOTE 14 INCOME TAXES

Foundation

The Foundation is subject to income taxes on unrelated business income. Certain alternative investments generate such income. Income tax expense for the years ended June 30 is as follows:

	2022	2021
Current Income Taxes:		
State	\$ (1,312)	\$ 43,313
Total Income Tax Expense	\$ (1,312)	\$ 43,313

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 INCOME TAXES (CONTINUED)

ATI

Income tax expense for ATI, the Foundation's for-profit subsidiary, for the years ended June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Current Income Taxes:		
Federal	\$ (66,337)	\$ (79,667)
State	(14,428)	(29,051)
Total	<u>(80,765)</u>	<u>(108,718)</u>
Deferred Income Tax Benefit (Expense):		
Federal	(5,609)	1,998
State	-	-
Total	<u>(5,609)</u>	<u>1,998</u>
Total Income Tax Expense	<u>\$ (86,374)</u>	<u>\$ (106,720)</u>

ATI's effective tax rate differs from the statutory tax rates applicable to corporations as a result of permanent differences between book and tax recognition, as follows:

	<u>2022</u>	<u>2021</u>
Statutory Federal Rate	21.00%	21.00%
Statutory State Rate	6.75%	6.75%
Permanent Differences	3.74%	2.91%
Total Effective Income Tax Rate	<u>31.49%</u>	<u>30.66 %</u>

The components of ATI's net deferred tax assets and liabilities on the accompanying consolidated statements of financial position, included in other assets and other liabilities, as of June 30 relate to the following:

	<u>2022</u>	<u>2021</u>
Deferred Income Tax Asset (Liability):		
Cash to Accrual Assets	\$ (46,347)	\$ (41,012)
Cash to Accrual Liabilities	3,120	3,229
Accelerated Depreciation and Amortization	11,980	12,145
Net Deferred Income Tax Asset (Liability)	<u>\$ (31,247)</u>	<u>\$ (25,638)</u>

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 INCOME TAXES (CONTINUED)

ATI (Continued)

The following book-to-tax differences reconcile ATI's pre-tax book income (loss) to ATI's federal taxable income:

	<u>2022</u>	<u>2021</u>
Pre-Tax Income (Loss)	\$ 274,323	\$ 348,053
Accounts Receivable	(16,693)	(1,910)
Rent Receivable	1,202	(4,733)
Prepaid Expenses	(3,732)	
Accounts Payable	394	(849)
Accrued Liabilities and Prepaid Rents	(789)	(359)
Depreciation	(296)	2,626
State taxes	(23,405)	(27,715)
Net Operating Losses Created (Used)	-	-
Net Deferred Income Tax Asset (Liability)	<u>\$ 231,004</u>	<u>\$ 315,113</u>

NOTE 15 RETIREMENT PLAN

The Foundation maintains a defined contribution retirement plan administered by third-party custodian TIAA. Participation by eligible employees is mandatory. Participants defer 5% of their salary. The Plan requires matching contributions by the Foundation of 7% of a participant's regular salary. Expenses related to the Plan amounted to \$318,126 and \$276,676 for the years ended June 30, 2022 and 2021, respectively.

NOTE 16 LEASING ARRANGEMENTS

ATI leases office and parking space to both unrelated and related parties. Total rental income from unrelated and related parties amounted to \$524,802 and \$605,757 for the years ended June 30, 2022 and 2021, respectively. Leases with unrelated parties terminated as of December 31, 2021. Future lease revenues to be received from related parties under noncancelable leases at June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 442,721
2024	452,137
2025	461,756
2026	380,530
2027	357,939
Thereafter	59,852
Total	<u>\$ 2,154,935</u>

ATI leases space in two buildings to MSU. The lease terms expire September 2025 and August 2027. Annual lease payments were \$480,971 and \$429,209 in 2022 and 2021, respectively.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 17 NONCASH ACTIVITY

During the years ended June 30, 2022 and 2021, the Foundation received securities contributions of \$15,845,111 and \$3,642,707, respectively. The Foundation also received in-kind contributions of \$40,181 and \$164,152 for the years ended June 30, 2022 and 2021, respectively. In-kind contributions are valued at fair market value at the date of donation, if possible. In-kind contributions are not monetized and are transferred to the MSU in support of furthering the education purpose of donor specified programs.

NOTE 18 SPLIT INTEREST AGREEMENTS

The Foundation has entered into several agreements under which the Foundation has a beneficial interest. Contributions recognized in relation to these agreements for the years ended June 30, 2022 and 2021 amounted to \$458,138 and \$842,121, respectively.

Assets held under these agreements are disclosed in Note 7. Liabilities are presented separately in the accompanying consolidated statements of financial position and are recorded at fair value, calculated as the present value of the expected future payments to beneficiaries. The terms vary depending on life expectancy, and the discount rate used in the calculation was 3.6% and 1.2% for the years ended June 30, 2022 and 2021, respectively.

The Foundation holds one charitable remainder unitrust at June 30, 2022 and 2021, in which 49% of the remainder will be distributed to other charitable organizations. The remainder liability to others is estimated at \$29,092 and at \$33,868 at June 30, 2022 and 2021, respectively.

The Foundation held one trust at June 30, 2020 in which the income beneficiaries agreed to terminate the trust and distribute the remainder equally between the Foundation and the four income beneficiaries. This trust matured July 23, 2020. There is no remaining liability to others at June 30, 2021.

Trust and annuity obligations are reported at fair value, and all holdings are categorized as Level 3. The activity in these liabilities is reflected in the table below:

	2022	2021
Trust and Annuity Obligations - Beginning of Year	\$ 6,954,155	\$ 5,756,381
New Agreements	84,595	1,138,210
Annuitant Distributions	(640,920)	(564,510)
Matured Agreements	(83,244)	(39,839)
Actuarial Changes	(809,845)	663,913
Trust and Annuity Obligations - End of Year	\$ 5,504,741	\$ 6,954,155

MONTANA STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 19 RELATED PARTY TRANSACTIONS

Montana State University (MSU) is deemed to be a related party of the Foundation due to the collaborative nature between these two entities. The Foundation and MSU have entered into an operating agreement that outlines their respective roles in fundraising, managing investments, event coordination, and alumni relations activities. MSU paid the Foundation \$1,750,000 and \$1,700,000 for the years ended June 30, 2022 and 2021, respectively, in accordance with the agreement. This amount is presented under contract services in the accompanying consolidated financial statements. As of June 30, 2022, the Foundation had accounts payable to MSU in the amount of \$211,732, for reimbursement of costs. The Foundation had no payable to MSU as of June 30, 2021. As of June 30, 2022 and 2021, the Foundation had receivables from MSU totaling \$36,978 and \$1,032, respectively, for program registration and reimbursement of costs, and its subsidiary MSUIC had receivables from MSU totaling \$13,113 and \$7,241, respectively, for contributions to their operations.

MONTANA STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION BY ENTITY
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>MSUF*</u>	<u>ATI*</u>	<u>MSUIC*</u>	<u>Consolidated</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,171,834	\$ 382,010	\$ 35,445	\$ 2,589,289
Prepays and Other Current Assets	341,980	13,250	-	355,230
Total Current Assets	<u>2,513,814</u>	<u>395,260</u>	<u>35,445</u>	<u>2,944,519</u>
RECEIVABLES				
Promises to Give, Net	16,125,815	-	-	16,125,815
Notes Receivable	25,673	-	-	25,673
Other Receivables	48,801	162,909	78,493	290,203
Building Receivable	-	-	14,412,206	14,412,206
Total Receivables	<u>16,200,289</u>	<u>162,909</u>	<u>14,490,699</u>	<u>30,853,897</u>
INVESTMENTS				
Pooled Investments	284,138,095	-	-	284,138,095
Other Investments	13,172,155	-	-	13,172,155
Real Estate	191,050	-	-	191,050
Total Investments	<u>297,501,300</u>	<u>-</u>	<u>-</u>	<u>297,501,300</u>
PROPERTY AND EQUIPMENT, NET	1,994,167	947,675	3,870,731	6,812,573
BENEFICIAL INTEREST IN TRUSTS	6,887,749	-	-	6,887,749
OTHER ASSETS	640,271	51,667	-	691,938
Total Assets	<u>\$ 325,737,590</u>	<u>\$ 1,557,511</u>	<u>\$ 18,396,875</u>	<u>\$ 345,691,976</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 365,274	\$ 3,396	\$ 17,277	\$ 385,947
Accrued Liabilities	924,174	7,847	13,840	945,861
Trust and Annuity Obligations	5,504,741	-	-	5,504,741
Agency Funds Held for Others	10,901,546	-	-	10,901,546
Notes Payable	2,056,779	2,175,822	39,356	4,271,957
Other Liabilities	617,199	31,247	-	648,446
Total Liabilities	<u>20,369,713</u>	<u>2,218,312</u>	<u>70,473</u>	<u>22,658,498</u>
NET ASSETS				
Without Donor Restrictions	8,566,170	(660,801)	3,914,195	11,819,564
With Donor Restrictions	296,801,707	-	14,412,207	311,213,914
Total Net Assets	<u>305,367,877</u>	<u>(660,801)</u>	<u>18,326,402</u>	<u>323,033,478</u>
Total Liabilities and Net Assets	<u>\$ 325,737,590</u>	<u>\$ 1,557,511</u>	<u>\$ 18,396,875</u>	<u>\$ 345,691,976</u>

* All intercompany transactions have been eliminated and amounts shown are after those eliminations



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