

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

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

**FOR THE YEARS ENDED
JUNE 30, 2022 and 2021**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4-5
Statement of Functional Expense	6-7
Statement of Cash Flows	8
Notes to Financial Statements	9-17



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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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University of Montana-Western Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of Montana-Western Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Auditor's Responsibility for the Audit of the Financial Statements - Continued

In performing an audit in accordance with the generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Montana-Western Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of Montana-Western Foundation's ability to continue as a going concern for a reasonable period of time.

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

Peck & Peck, CPAs PC

Dillon, Montana
October 30, 2022

University of Montana-Western Foundation
Statement of Financial Position
As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 1,152,241	\$ 533,975
Pledges receivable, net	790,742	400,897
Accrued investment income	44,515	34,891
Vehicle (net of accumulated depreciation, \$36,000)	7,427	7,427
Unrestricted investments	1,226,569	1,278,014
Temporarily restricted investments	1,304,063	1,328,580
Endowment investments	<u>7,012,012</u>	<u>7,416,028</u>
 Total Assets	 <u>\$ 11,537,569</u>	 <u>\$ 10,999,812</u>
 Liabilities		
Accounts payable	\$ 5,372	\$ 7,249
 Total Liabilities	 <u>5,372</u>	 <u>7,249</u>
 Net Assets		
Unrestricted		
Undesignated	<u>1,263,316</u>	<u>1,296,175</u>
	1,263,316	1,296,175
Temporarily restricted	3,147,859	2,077,053
Permanently restricted	<u>7,121,022</u>	<u>7,619,335</u>
 Total Net Assets	 <u>11,532,197</u>	 <u>10,992,563</u>
 Total Liabilities and Net Assets	 <u>\$ 11,537,569</u>	 <u>\$ 10,999,812</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, 2022

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue				
Contributions	\$ 15,478	\$ 2,384,812	\$ 126,820	\$ 2,527,110
Special events	6,969	-	-	6,969
Management income	48,398	-	-	48,398
Rental income	-	25,860	-	25,860
Net investment income	(26,060)	51,812	(625,133)	(599,381)
Net assets released from restrictions	<u>1,391,678</u>	<u>(1,391,678)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,436,463</u>	<u>1,070,806</u>	<u>(498,313)</u>	<u>2,008,956</u>
Expenses				
University support				
Scholarships given	456,508	-	-	456,508
Academics and institutional	<u>749,618</u>	<u>-</u>	<u>-</u>	<u>749,618</u>
Total University Support	1,206,126	-	-	1,206,126
Supporting services				
Fundraising	223,155	-	-	223,155
General and administrative	<u>40,041</u>	<u>-</u>	<u>-</u>	<u>40,041</u>
Total Expenses	<u>1,469,322</u>	<u>-</u>	<u>-</u>	<u>1,469,322</u>
Change in Net Assets	(32,859)	1,070,806	(498,313)	539,634
Net Assets, Beginning of Year	<u>1,296,175</u>	<u>2,077,053</u>	<u>7,619,335</u>	<u>10,992,563</u>
Net Assets, End of Year	<u>\$ 1,263,316</u>	<u>\$ 3,147,859</u>	<u>\$ 7,121,022</u>	<u>\$ 11,532,197</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, 2021

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue				
Contributions	\$ 22,847	\$ 1,658,851	\$ 439,729	\$ 2,121,427
Special events	14,141	-	-	14,141
Management income	46,572	-	-	46,572
Rental income	-	25,144	-	25,144
Net investment income	39,085	318,017	1,279,686	1,636,788
Net assets released from restrictions	<u>1,141,986</u>	<u>(1,141,986)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,264,631</u>	<u>860,026</u>	<u>1,719,415</u>	<u>3,844,072</u>
Expenses				
University support				
Scholarships given	512,168	-	-	512,168
Academics and institutional	<u>543,613</u>	<u>-</u>	<u>-</u>	<u>543,613</u>
Total University Support	1,055,781	-	-	1,055,781
Supporting services				
Fundraising	149,066	-	-	149,066
General and administrative	<u>42,588</u>	<u>-</u>	<u>-</u>	<u>42,588</u>
Total Expenses	<u>1,247,435</u>	<u>-</u>	<u>-</u>	<u>1,247,435</u>
Change in Net Assets	17,196	860,026	1,719,415	2,596,637
Net Assets, Beginning of Year	<u>1,278,979</u>	<u>1,217,027</u>	<u>5,899,920</u>	<u>8,395,926</u>
Net Assets, End of Year	<u>\$ 1,296,175</u>	<u>\$ 2,077,053</u>	<u>\$ 7,619,335</u>	<u>\$ 10,992,563</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, 2022

	<u>University Support</u>	<u>Fundraising</u>	<u>Administrative and General</u>	<u>Total</u>
Direct University support	\$ 1,065,697	\$ -	\$ -	\$ 1,065,697
Accounting and auditing	1,080	-	7,650	8,730
Advertising and promotion	4,564	203,079	-	207,643
Dues and subscriptions	11,395	-	433	11,828
Entertainment and meetings	5,630	-	3,452	9,082
Gifts	590	-	1,482	2,072
Insurance	20,346	-	100	20,446
Office supplies, printing and postage	1,812	-	3,517	5,329
Salaries and fringe benefits	82,455	20,076	20,076	122,607
Travel and meals	12,557	-	3,331	15,888
	<u>\$ 1,206,126</u>	<u>\$ 223,155</u>	<u>\$ 40,041</u>	<u>\$ 1,469,322</u>
Total				

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, 2021

	<u>University Support</u>	<u>Fundraising</u>	<u>Administrative and General</u>	<u>Total</u>
Direct University support	\$ 963,989	\$ -	\$ -	\$ 963,989
Accounting and auditing	-	-	7,250	7,250
Advertising and promotion	4,200	121,269	-	125,469
Dues and subscriptions	1,350	-	320	1,670
Entertainment and meetings	5,117	-	563	5,680
Gifts	7,769	-	-	7,769
Insurance	7,557	-	650	8,207
Office supplies, printing and postage	360	-	2,740	3,100
Salaries and fringe benefits	62,303	27,797	27,797	117,897
Travel and meals	3,136	-	3,268	6,404
	<u>3,136</u>	<u>-</u>	<u>3,268</u>	<u>6,404</u>
 Total	 <u>\$ 1,055,781</u>	 <u>\$ 149,066</u>	 <u>\$ 42,588</u>	 <u>\$ 1,247,435</u>

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, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ 539,634	\$ 2,596,637
Adjustment to reconcile change in net assets to net cash used in operating activities:		
(Increase) decrease in pledges receivable, net	(389,845)	(400,897)
(Increase) decrease in accrued investment income	(9,624)	(7,783)
Increase (decrease) in accounts payable	(1,877)	(602)
Net realized and unrealized (gains) losses on investments	828,789	(1,498,174)
Permanently restricted contributions	(126,820)	(439,729)
Net cash provided by operating activities	840,257	249,452
Cash Flows From Investing Activities:		
Purchase of investment securities	(3,628,776)	(3,674,380)
Proceeds from redemption of investment securities	3,279,965	3,293,948
Net cash used in investing activities	(348,811)	(380,432)
Cash Flows From Financing Activities:		
Permanently restricted contributions	126,820	439,729
Net cash provided from financing activities	126,820	439,729
Net increase (decrease) in cash and cash equivalents	618,266	308,749
Cash and cash equivalents, beginning of year	533,975	225,226
Cash and cash equivalents, end of year	\$ 1,152,241	\$ 533,975
Supplementary Data:		
Interest Paid	\$ -	\$ -

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

University of Montana-Western Foundation
Notes to Financial Statements
June 30, 2022

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, 2022

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 Stockman Wealth Management 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, 2022, and 2021, were \$54,968 and \$50,711 respectively.

NOTE 2. Cash

The total cash held by the Foundation at June 30, 2022 and 2021, includes \$816,868 and \$185,821 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, 2022

NOTE 3. Pledges Receivable

Pledges receivable represent amounts due from donors for multiyear unconditional pledges. Pledges receivable are shown net of a discount on future collections. Payments on the pledges are expected to be received as follows:

	<u>2022</u>	<u>2021</u>
Amounts due in:		
Less than one year	\$542,299	\$155,356
One to five years	329,201	286,109
Five years or more	-	-
Total pledges receivable	871,500	441,465
Less unamortized discount	(38,758)	(16,568)
Less allowance for uncollectible pledges receivable	(42,000)	(24,000)
Pledges receivable, net	\$790,742	\$400,897

Pledges receivable outstanding at June 30, 2022 and 2021, totaled \$790,742 and \$400,897, respectively.

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;

University of Montana-Western Foundation
Notes to Financial Statements-continued
June 30, 2022

NOTE 4. Investments and Fair Value Measurements - continued

- *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.

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, 2022, are summarized below:

	2022			
	Level 1	Level 2	Level 3	Total Fair Value
Unrestricted investments				
Cash and cash equivalents	\$ 11,849	\$ -	\$ -	\$ 11,849
Government obligations	-	249,179	-	249,179
Corporate bonds	-	191,604	-	191,604
Mortgage pools & asset backed	-	9,880	-	9,880
Equity securities and mutual funds				
Corporate stocks	497,026	-	-	497,026
ETF	102,267	-	-	102,267
Mutual funds	27,245	-	-	27,245
Real estate	-	-	137,519	137,519
	-	-	137,519	137,519
Total unrestricted investments	<u>\$638,387</u>	<u>\$450,663</u>	<u>\$137,519</u>	<u>\$1,226,569</u>

University of Montana-Western Foundation
Notes to Financial Statements-continued
June 30, 2022

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	\$ 14,190	\$ -	\$ -	\$ 14,190
Government obligations	-	298,375	-	298,375
Corporate bonds	-	229,432	-	229,432
Mortgage pools & asset backed	-	11,830	-	11,830
Equity securities and mutual funds				
Corporate stocks	595,155	-	-	595,155
ETF	122,457	-	-	122,457
Mutual funds	32,624	-	-	32,624
Real estate	-	-	-	-
Total temp restricted investments	<u>\$764,426</u>	<u>\$539,637</u>	<u>\$ -</u>	<u>\$1,304,063</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Permanently restricted investments				
Cash and cash equivalents	\$ 74,521	\$ -	\$ -	\$ 74,521
Government obligations	-	1,566,942	-	1,566,942
Corporate bonds	-	1,204,884	-	1,204,884
Mortgage pools & asset backed	-	62,128	-	62,128
Equity securities and mutual funds				
Corporate stocks	3,125,509	-	-	3,125,509
ETF	643,095	-	-	643,095
Mutual funds	171,328	-	-	171,328
Real estate	-	-	163,605	163,605
Total perm restricted investments	<u>\$4,014,453</u>	<u>\$2,833,954</u>	<u>\$163,605</u>	<u>\$ 7,012,012</u>
Total investments	<u>\$5,417,266</u>	<u>\$3,824,254</u>	<u>\$301,124</u>	<u>\$ 9,542,644</u>

The table below rolls forward balances for Level 3 assets from July 1, 2021, through the year ended June 30, 2022:

	<u>Real Estate</u>
Balance as of July 1, 2021	\$ 301,124
Interest and dividends	-
Withdrawals	-
Unrealized gain	-
Balance as of June 30, 2022	<u>\$ 301,124</u>

University of Montana-Western Foundation
Notes to Financial Statements-continued
June 30, 2022

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 2022 or 2021. Unrealized gains on investments held at June 30, 2022 and 2021, were \$799,692 and \$2,089,351 respectively.

Investment returns for the year ended June 30, 2022, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 59,419	\$ 168,174	\$ 1,815	\$ 229,408
Net realized gain	(21,804)	50,596	432,079	460,871
Net change in unrealized gains	<u>(63,675)</u>	<u>(166,958)</u>	<u>(1,059,027)</u>	<u>(1,289,660)</u>
	<u>\$ (26,060)</u>	<u>\$ 51,812</u>	<u>\$ (625,133)</u>	<u>\$ (599,381)</u>

Investment advisory fees are netted against interest and dividends. These fees totaled \$36,470 for the year ended June 30, 2022.

Investments measured at fair value at June 30, 2021, are summarized below:

	<u>2021</u>			<u>Total Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Unrestricted investments				
Cash and cash equivalents	\$ 68,918	\$ -	\$ -	\$ 68,918
Government obligations	-	170,286	-	170,286
Corporate bonds	-	153,268	-	153,268
Mortgage pools & asset backed	-	14,249	-	14,249
Fixed income mutual funds	23,809	-	-	23,809
Equity securities and mutual funds				
Corporate stocks	473,802	-	-	473,802
ETF	174,236	-	-	174,236
Mutual funds	61,297	-	-	61,297
Real estate	<u>-</u>	<u>-</u>	<u>137,519</u>	<u>137,519</u>
Total unrestricted investments	<u>\$802,692</u>	<u>\$337,803</u>	<u>\$137,519</u>	<u>\$1,278,014</u>

University of Montana-Western Foundation
Notes to Financial Statements-continued
June 30, 2022

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	\$ 80,284	\$ -	\$ -	\$ 80,284
Government obligations	-	198,368	-	198,368
Corporate bonds	-	178,545	-	178,545
Mortgage pools & asset backed	-	16,599	-	16,599
Fixed income mutual funds	27,735	-	-	27,735
Equity securities and mutual funds				
Corporate stocks	551,940	-	-	551,940
ETF	202,970	-	-	202,970
Mutual funds	72,139	-	-	72,139
Real estate	-	-	-	-
Total temp restricted investments	<u>\$935,068</u>	<u>\$393,512</u>	<u>\$ -</u>	<u>\$1,328,580</u>
Permanently restricted investments				
Cash and cash equivalents	\$ 438,252	\$ -	\$ -	\$ 438,252
Government obligations	-	1,082,846	-	1,082,846
Corporate bonds	-	974,635	-	974,635
Mortgage pools & asset backed	-	90,612	-	90,612
Fixed income mutual funds	151,401	-	-	151,401
Equity securities and mutual funds				
Corporate stocks	3,012,916	-	-	3,012,916
ETF	1,107,966	-	-	1,107,966
Mutual funds	393,793	-	-	393,793
Real estate	-	-	163,605	163,605
Total perm restricted investments	<u>\$5,104,328</u>	<u>\$2,148,095</u>	<u>\$163,605</u>	<u>\$ 7,416,028</u>
Total investments	<u>\$6,842,088</u>	<u>\$2,879,410</u>	<u>\$301,124</u>	<u>\$10,022,622</u>

University of Montana-Western Foundation
Notes to Financial Statements-continued
June 30, 2022

NOTE 5. Net Assets

Restrictions placed upon net assets as of June 30, 2022, and June 30, 2021, are as follows:

Temporarily restricted net assets are available for the following purposes as of June 30, 2022, and June 30, 2021:

	<u>2022</u>	<u>2021</u>
Scholarships	\$ 720,408	\$ 655,534
Booster	1,820,864	716,523
Alumni	41,084	34,993
Birch Creek Center	321	321
Faculty Development	596	596
Chancellor's Special Projects	7,394	5,247
Director's Special Projects	3,817	3,167
Growth	243	196
Campaign	29,428	29,762
Clubs, Departments & Other Programs	<u>523,704</u>	<u>630,714</u>
Total temporarily restricted net assets	<u>\$ 3,147,859</u>	<u>\$ 2,077,053</u>

Net assets were permanently restricted for the following purposes as of June 30, 2022, and June 30, 2021:

	<u>2022</u>	<u>2021</u>
Scholarships	\$ 6,633,628	\$ 7,099,077
Booster	66,240	73,065
Growth	41,321	45,506
Alumni	97,528	102,371
Clubs, Departments & Other Programs	<u>282,305</u>	<u>299,316</u>
Total permanently restricted net assets	<u>\$ 7,121,022</u>	<u>\$ 7,619,335</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>
6/30/2023	\$26,199
6/30/2024	\$26,724
6/30/2025	\$27,261
6/30/2026	\$27,810
6/30/2027	\$28,371

University of Montana-Western Foundation
Notes to Financial Statements-continued
June 30, 2022

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, 2022 and 2021, were \$38,398 and \$36,572 respectively.