



Financial Statements
June 30, 2022 and 2021

Montana State University Billings Foundation

Montana State University Billings Foundation

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Montana State University Billings Foundation
Billings, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Montana State University Billings Foundation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Montana State University Billings Foundation as of June 30, 2022, and the changes in its net assets and its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montana State University Billings 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.

Restatement of Prior Year Financial Statements

The financial statements of Montana State University Billings Foundation as of and for the year ended June 30, 2021, were audited by other auditors, whose report dated November 16, 2021, contained an unmodified opinion on those statements.

As discussed in Note 18 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

As part of our audit of the 2022 financial statements, we also audited the adjustments described in Note 18 that were applied to restate the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2021 financial statements of Montana State University Billings Foundation other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Montana State University Billings 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montana State University Billings 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.



Spokane, Washington
December 12, 2022

Montana State University Billings Foundation
 Statements of Financial Position
 June 30, 2022 and 2021

	2022	2021 (as restated)
Assets		
Cash and cash equivalents	\$ 960,501	\$ 1,354,193
Accounts receivable	-	46,883
Accrued investment income	17,426	15,847
Promises to give, net	1,303,788	1,399,500
Prepaid expenses	61,480	59,438
Property and equipment, net	898,260	949,550
Cash surrender value of life insurance	48,870	53,108
Beneficial interest in charitable trusts held by others	792,364	852,671
Investments	34,764,089	38,616,205
Total assets	\$ 38,846,778	\$ 43,347,395
Liabilities and Net Assets		
Accounts payable	\$ 47,453	\$ 23,333
Accrued expenses and other liabilities	24,105	37,894
Scholarships payable	856,650	1,150,815
Line of credit	158,304	-
Paycheck Protection Program loan	-	150,000
Liabilities under annuity agreements	363,862	419,335
Investments held in trust	2,032,276	2,336,707
Total liabilities	3,482,650	4,118,084
Net Assets		
Without donor restriction		
Undesignated	2,332,265	2,885,511
Designated by the Board	2,684,741	2,917,390
	5,017,006	5,802,901
With donor restriction	30,347,122	33,426,410
Total net assets	35,364,128	39,229,311
Total liabilities and net assets	\$ 38,846,778	\$ 43,347,395

Montana State University Billings Foundation

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 50,354	\$ 2,105,072	\$ 2,155,426
Contributions from Paycheck Protection Program	150,000	-	150,000
In-kind contribution	-	3,692	3,692
University contract	224,990	-	224,990
Net investment return	(595,730)	(2,902,768)	(3,498,498)
Rental revenue, net	477,450	-	477,450
Other revenue	15,213	145,851	161,064
Special events revenue, net	231,691	-	231,691
Distributions from and change in value of beneficial interests held by others	-	(60,307)	(60,307)
Net assets released from restrictions	2,370,828	(2,370,828)	-
Total revenue, support, and gains	2,924,796	(3,079,288)	(154,492)
Expenses and Losses			
Program services expense			
Student scholarships	1,058,049	-	1,058,049
Academic programs	232,323	-	232,323
Campus projects	869,465	-	869,465
Campus and community outreach	450,154	-	450,154
Alumni relations	135,532	-	135,532
Total program services expenses	2,745,523	-	2,745,523
Supporting services expense			
General and administrative	431,700	-	431,700
Facilities and maintenance	32,400	-	32,400
Fundraising	282,664	-	282,664
Cultivation and stewardship	218,404	-	218,404
Total supporting services expenses	965,168	-	965,168
Total expenses	3,710,691	-	3,710,691
Change in Net Assets	(785,895)	(3,079,288)	(3,865,183)
Net Assets, Beginning of Year	5,802,901	33,426,410	39,229,311
Net Assets, End of Year	\$ 5,017,006	\$ 30,347,122	\$ 35,364,128

Montana State University Billings Foundation

Statement of Activities

Year Ended June 30, 2021 – As Restated

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 254,296	\$ 2,139,557	\$ 2,393,853
Contributions from Paycheck Protection Program	150,000	-	150,000
In-kind contribution	-	105,951	105,951
University contract	215,000	-	215,000
Net investment return	952,761	6,965,730	7,918,491
Rental revenue, net	484,253	-	484,253
Other revenue	166,185	56,276	222,461
Net special events revenue	(64,633)	-	(64,633)
Distributions from and change in value of beneficial interests held by others	-	(10,556)	(10,556)
Change in restriction	(9,955)	9,955	-
Net assets released from restrictions	6,502,474	(6,502,474)	-
Total revenue, support, and gains	8,650,381	2,764,439	11,414,820
Expenses			
Program services expense			
Student scholarships	1,802,601	-	1,802,601
Academic programs	207,822	-	207,822
Campus projects	4,163,650	-	4,163,650
Campus and community outreach	491,105	-	491,105
Alumni relations	112,220	-	112,220
Total program services expenses	6,777,398	-	6,777,398
Supporting services expense			
General and administrative	321,077	-	321,077
Facilities and maintenance	36,000	-	36,000
Fundraising	259,138	-	259,138
Cultivation and stewardship	169,710	-	169,710
Total supporting services expenses	785,925	-	785,925
Total expenses	7,563,323	-	7,563,323
Change in Net Assets	1,087,058	2,764,439	3,851,497
Net Assets, Beginning of Year	4,715,843	30,661,971	35,377,814
Net Assets, End of Year	\$ 5,802,901	\$ 33,426,410	\$ 39,229,311

Montana State University Billings Foundation

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021 (as restated)
Operating Activities		
Change in net assets	\$ (3,865,183)	\$ 3,851,497
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	76,750	74,007
Realized and unrealized gain on investments	3,479,724	(7,609,845)
Change in beneficial interest in assets held by others	60,307	10,556
Contributions restricted to endowment	(1,627,694)	(623,146)
Paycheck Protection Program loan forgiveness	(150,000)	(150,000)
Changes in operating assets and liabilities		
Promises to give, net	95,712	231,600
Accounts receivable	46,883	(46,883)
Accrued investment income	(1,579)	41,776
Cash surrender value of life insurance	4,238	(51,390)
Prepaid expenses	(2,042)	15,681
Accounts payable	24,120	18,665
Scholarships payable	(294,165)	156
Accrued expenses and other liabilities	(13,789)	(11,140)
Liabilities under annuity agreements	(55,473)	-
Net Cash used for Operating Activities	(2,222,191)	(4,248,466)
Investing Activities		
Change in assets held in trust	(304,431)	485,864
Purchase of property and equipment	(26,460)	(50,961)
Proceeds from sale of investments	12,710,075	73,409,901
Purchases of investments	(12,336,683)	(72,336,681)
Net Cash from Investing Activities	42,501	1,508,123
Financing Activities		
Proceeds from Paycheck Protection Program loan	-	150,000
Net borrowings under line of credit	158,304	-
Collections of contributions restricted to endowment	1,627,694	623,146
Net Cash from Financing Activities	1,785,998	773,146
Net Change in Cash and Cash Equivalents	(393,692)	(1,967,197)
Cash and Cash Equivalents, Beginning of Year	1,354,193	3,321,390
Cash and Cash Equivalents, End of Year	\$ 960,501	\$ 1,354,193

Note 1 - Principal Activity and Significant Accounting Policies**Organization**

Montana State University Billings Foundation (the Foundation) is a nonprofit corporation founded in 1968 to advance the goals of Montana State University Billings (the University). The Foundation works to 1) establish lifelong relationships with university students, parents, faculty, alumni, friends, and community partners, 2) create pathways to success and sustaining them through philanthropy, stewardship, and community engagement, 3) seek and nurture innovative partnerships to support the realization of current and emerging university priorities, 4) foster a culture of inclusivity that celebrates diversity on campus and beyond.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowment or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for the University contract services and lease revenue. Allowance for uncollectable accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. There was no allowance at June 30, 2022 and 2021.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Collections

The Foundation has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their appraised or fair value on the acquisition date. Gains or losses on the deaccession of collection items are classified on the statements of activities depending on donor restrictions, if any, placed on the item at the time of accession. Collections are included in property and equipment in the statements of financial position.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to thirty-nine years. Collections of art are not depreciated. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

Liabilities Under Annuity Agreements*Charitable Gift Annuities*

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income. Charitable gift annuity agreements from members of the Board of Trustees are considered to be related party transactions.

Beneficial Interests in Charitable Trusts Held by Others

The Foundation has been named as an irrevocable beneficiary of a charitable trust held and administered by independent trustees. This trust was created independently by donors and are administered by outside agents designated by the donors. The Foundation has neither possession nor control over the assets of the trusts. At the date the Foundation receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Scholarships Payable

Scholarships are recognized as liabilities at the time they are authorized for expenditure regardless of the year in which the scholarships are paid. Scholarship amounts are determined by the Foundation's payout policy or when a donor restriction supersedes the payout policy, according to the terms of the gift instrument.

Assets Held in Trust

The Foundation recognizes the assets held in trust for the Montana Center for Inclusive Education as a liability. The Foundation and its Board of Trustees have no decision-making authority on these assets. The Foundation serves as the administrator of these assets.

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 (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation recognizes service revenue over the contractual period, which is generally one year. The performance obligation consists of providing support services and management of assets to the University and is recognized ratably as the performance obligations of these services are satisfied. Foundation assessments revenue consists of administrative fees to provide investment management services for donors throughout Montana. Revenue is recognized over time in the period the service is provided. Rental income is recognized in the month in which it is earned.

In-kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. Note 15 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Income Taxes

Montana State University Billings Foundation is organized as a Montana nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Section 501(a) as Foundations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and have been determined not to be private foundations. The Foundation is annually required to file a Return of Foundation Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation files an Exempt Foundation Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

Management believes that the Foundation has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give are limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Reclassifications

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

COVID-19 Considerations

The world-wide coronavirus pandemic impacted national and global economies. The Foundation is closely monitoring its operation, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Foundation is not known.

Subsequent Events

The Foundation has evaluated subsequent events through December 12, 2022, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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>
Cash and cash equivalents	\$ 453,442	\$ 1,354,193
Promises to give, net	171,538	188,937
Accounts receivable	-	46,883
Endowment spending-rate distributions and appropriations	<u>1,400,000</u>	<u>1,706,325</u>
	<u>\$ 2,024,980</u>	<u>\$ 3,296,338</u>

These financial assets are not subject to donor or other contractual restrictions that make them unavailable for expenditure within one year of the statement of financial position date. As part of its liquidity management, the Foundation may draw upon board-designated endowments in the event of an unanticipated liquidity need.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

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

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

Montana State University Billings Foundation

Notes to Financial Statements

June 30, 2022 and 2021

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The Foundation invests in CDs traded in the financial markets. Those CDs and bond fund obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The fair values of beneficial interests in charitable trusts are determined using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered Level 3 measurements.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2022:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equity securities	\$ 2,483,933	\$ 2,483,933	\$ -	\$ -
Fixed income bond funds	1,918,080	-	1,918,080	-
Certificates of deposit	674,975	-	674,975	-
At NAV				
Global equity funds	15,131,325	-	-	-
Private capital	1,263,175	-	-	-
Fixed income funds	5,631,309	-	-	-
Real estate and natural resource funds	4,265,587	-	-	-
Diversifying strategy funds	3,395,705	-	-	-
	<u>\$ 34,764,089</u>	<u>\$ 2,483,933</u>	<u>\$ 2,593,055</u>	<u>\$ -</u>
Beneficial interest in				
Charitable trusts held by others	\$ 792,364	\$ -	\$ -	\$ 792,364

Montana State University Billings Foundation

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at June 30, 2021:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equity securities	\$ 2,781,206	\$ 2,781,206	\$ -	\$ -
Fixed income bond funds	2,097,859	-	2,097,859	-
Certificates of deposit	-	-	-	-
At NAV				
Global equity funds	19,270,452	-	-	-
Private capital	20,000	-	-	-
Fixed income funds	7,474,184	-	-	-
Real estate and natural resource funds	3,575,222	-	-	-
Diversifying strategy funds	3,397,282	-	-	-
	<u>\$ 38,616,205</u>	<u>\$ 2,781,206</u>	<u>\$ 2,097,859</u>	<u>\$ -</u>
Beneficial interest in				
Charitable trusts held by others	<u>\$ 852,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852,671</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2022 and 2021:

	Beneficial interest in Charitable trusts held by others	
	2022	2021
Beginning of year	\$ 852,671	\$ 863,227
Investment return, net	<u>(60,307)</u>	<u>(10,556)</u>
End of year	<u>\$ 792,364</u>	<u>\$ 852,671</u>

Montana State University Billings Foundation

Notes to Financial Statements

June 30, 2022 and 2021

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2022:

	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global equity funds	1	\$ 15,131,325	\$ -	Monthly	Monthly
Private capital	6	1,263,175	4,336,825	Illiquid	None
Fixed income funds	4	5,631,309	-	Monthly	Monthly
Real estate and natural resource funds	3	4,265,587	-	Monthly	Monthly
Diversifying strategy funds	1	3,395,705	-	Monthly	Monthly
		<u>\$ 29,687,101</u>	<u>\$ 4,336,825</u>		

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30, 2021:

	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global equity funds	2	\$ 19,270,452	\$ -	Monthly	Monthly
Private capital	1	20,000	730,000	Illiquid	None
Fixed income funds	5	7,474,184	-	Monthly	Monthly
Real estate and natural resource funds	2	3,575,222	-	Monthly	Monthly
Diversifying strategy funds	1	3,397,282	-	Monthly	Monthly
		<u>\$ 33,737,140</u>	<u>\$ 730,000</u>		

Global Equity Funds – Funds focused on private equity investments primarily in foreign markets, including emerging markets.

Private Capital – Funds focus on growth in equity of United States and global securities along with real assets and sustainability. These investments are non-marketable alternative investments which are illiquid and constructed as limited partnerships that do not offer access to redemptions during the life of the partnerships. Fair values have been estimated using the practical expedient provided by the fund manager.

Fixed Income Funds – Funds focused on a broad spectrum of fixed income securities of United States companies. These investments are readily redeemable. Fair values have been estimated using the practical expedient provided by the fund manager.

Real Estate and Natural Resource Funds – Funds focused on real estate and natural resource assets primarily located in the United States. These investments are readily redeemable. Fair values have been estimated using the practical expedient provided by the fund manager.

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Diversifying Strategy Funds – Funds focused on growth in equity of United States and global securities. These investments are readily redeemable. Fair values have been estimated using the practical expedient provided by the fund manager.

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2022 and 2021:

	2022	2021
Within one year	\$ 171,538	\$ 188,937
In one to five years	966,000	792,000
Over five years	598,000	767,888
	1,735,538	1,748,825
Less discount to net present value at rates ranging from 4.25% to 6.00%	(421,833)	(333,130)
Less allowance for uncollectable promises to give	(9,917)	(16,195)
	\$ 1,303,788	\$ 1,399,500

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2022 and 2021:

	2022	2021
Buildings and improvements	\$ 2,051,469	\$ 2,024,999
Pianos	206,700	206,700
Computer equipment and software	36,139	36,139
	2,294,308	2,267,838
Less accumulated depreciation	(1,448,073)	(1,371,313)
	846,235	896,525
Collections of art	52,025	53,025
	\$ 898,260	\$ 949,550

Note 6 - Line of Credit

The Foundation has a \$1,500,000 revolving line of credit with a bank, secured by an investment account. Borrowings under the line bear interest at the prime rate as published by the Wall Street Journal with a floor of 4.75% (4.75% at June 30, 2022 and 2021). Accrued interest and principal are due at maturity (November 1, 2024).

Note 7 - Assets Held in Trust

The following is a reconciliation of assets held in trust during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 2,336,707	\$ 1,850,843
Net investment return	(217,320)	588,077
Program expenses	(64,770)	(79,570)
Investment management	(7,644)	(10,233)
Administrative fees	<u>(14,697)</u>	<u>(12,410)</u>
Balance at end of year	<u>\$ 2,032,276</u>	<u>\$ 2,336,707</u>

Note 8 - Paycheck Protection Program (PPP) Loan

During 2021 and 2020, the Foundation was granted two loans of \$150,000 each under the PPP administered by a Small Business Administration (SBA) approved partner. The loans are uncollateralized and are fully guaranteed by the federal government. The Foundation has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not for-Profit – Revenue Recognition*. The Foundation initially recorded the loans as refundable advances and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized \$150,000 as contribution revenue for the each of the years ended June 30, 2022 and 2021.

Note 9 - Special Events

Special event revenue consists of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Gross special events revenue	\$ 551,416	\$ -
Less cost of direct benefits to donors	<u>(319,725)</u>	<u>(64,633)</u>
	<u>\$ 231,691</u>	<u>\$ (64,633)</u>

Note 10 - Leases

The Foundation and the University entered into an agreement in which the University leases the McDonald Hall building. The University is responsible for ongoing items such as maintenance, janitorial, utilities and insurance while the Foundation is responsible for capital improvements. On July 1, 2020 the Foundation and University entered into a new five year lease.

The Foundation recognized rental revenue (net of rental expenses) for the years ended June 30, 2022 and 2021, as follows:

	2022	2021
Rental revenue	\$ 562,575	\$ 562,575
Operating expenses	(26,081)	(21,602)
Property taxes	(2,886)	(2,866)
Depreciation	(56,158)	(53,852)
Total	\$ 477,450	\$ 484,255

In addition, the Foundation and the University entered into an agreement in which the Foundation leases its offices at 2615 Virginia Lane in Billings, Montana. The lease requires payments annually for the use of the building. The agreement is for one year and is renewable every year upon mutual agreement of the Foundation and the University. During the year ended June 30, 2022, the Foundation renewed this lease for another one year term. Total rent expense from this lease arrangement was \$32,400 and \$36,000 the years ended June 30, 2022 and 2021, respectively.

Note 11 - Endowment

The Foundation's endowment (the Endowment) consists of funds established by donors to provide annual funding for scholarships, specific activities, and general operations. The Endowment also includes certain net assets without donor restrictions designated for endowment by the Board of Directors.

The Board of Directors of the Foundation has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022 and 2021, there were no such donor stipulations. 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) 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 following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of June 30, 2022, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,041,819	\$ -	\$ 2,041,819
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	18,109,411	18,109,411
Accumulated investment gains	-	9,806,038	9,806,038
	\$ 2,041,819	\$ 27,915,449	\$ 29,957,268

As of June 30, 2021, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Board-designated endowment funds	\$ 2,541,511	\$ -	\$ 2,541,511
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	17,472,949	17,472,949
Accumulated investment gains	-	13,823,439	13,823,439
	\$ 2,541,511	\$ 31,296,388	\$ 33,837,899

From time to time, certain donor-restricted endowment funds may have fair values less than the required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022 and 2021, there were no underwater endowments.

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. It is desired that the Fund earn returns higher than the "market", as represented by a mix of indexes reflective of the Foundation's return objectives and risk tolerance. The board constructs the benchmark, or "policy index" for the endowment funds by performing a weighted average on several well-known indexes. The Fund is expected to exceed the average annual return of this benchmark on a risk-adjusted basis over a three- to five-year rolling time period and a full market cycle. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

An endowment spending-rate formula is used to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 3 years at June 30 of each year to determine the spending amount for the upcoming year. During 2022 and 2021, the spending rate maximum was 4 percent. In establishing this policy, the Board of Directors considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in Endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,541,511	\$ 31,296,388	\$ 33,837,899
Investment return, net	(390,892)	(2,962,075)	(3,352,967)
Contributions	-	491,498	491,498
Appropriation of endowment assets pursuant to spending-rate policy	-	(910,362)	(910,362)
Distribution from board-designated endowment pursuant to distribution policy	(108,800)	-	(108,800)
Endowment net assets, end of year	<u>\$ 2,041,819</u>	<u>\$ 27,915,449</u>	<u>\$ 29,957,268</u>

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Changes in Endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,002,673	\$ 24,918,324	\$ 26,920,997
Investment return, net	645,128	6,879,026	7,524,154
Contributions	-	497,591	497,591
Appropriation of endowment assets pursuant to spending-rate policy	-	(998,553)	(998,553)
Distribution from board-designated endowment pursuant to distribution policy	(106,290)	-	(106,290)
Endowment net assets, end of year	<u>\$ 2,541,511</u>	<u>\$ 31,296,388</u>	<u>\$ 33,837,899</u>

Note 12 - Net Assets with Board Designated Restrictions

The Foundation's Board of Trustees periodically designates net assets that are otherwise unrestricted. Such designations imposed by the Board of Trustees are as follows as of June 30, 2022 and 2021:

	2022	2021
Academic projects	\$ 226,737	\$ 329,318
Campus projects	342,656	338,058
Campus and community outreach	86,398	42,799
Student scholarships	397,216	231,183
KBMY Trust	1,550,475	1,884,511
Other	81,259	91,521
	<u>\$ 2,684,741</u>	<u>\$ 2,917,390</u>

In May 1985, the Foundation's Board established the KBMY Trust from the proceeds of the sale of KBMY radio station, which had been donated to the Foundation in 1983. The trust created a permanent endowment fund which is managed in accordance with the Foundation's investment and distribution policy. Distributions are used to support the Foundation's programs and activities.

Note 13 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose		
Alumni relations	\$ 58,360	\$ 80,883
Campus and community outreach	298,860	408,315
Campus projects	571,294	155,612
Student scholarships	710,795	627,741
General and administrative	-	4,800
	<u>1,639,309</u>	<u>1,277,351</u>
Subject to the Passage of Time		
Beneficial interests in charitable trusts held by others	<u>792,364</u>	<u>852,671</u>
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Academic projects	5,835,617	4,677,402
Campus projects	3,671,741	3,124,488
Student scholarships	18,115,612	23,267,409
General and administrative	292,479	227,089
	<u>27,915,449</u>	<u>31,296,388</u>
Total endowments	<u>27,915,449</u>	<u>31,296,388</u>
	<u>\$ 30,347,122</u>	<u>\$ 33,426,410</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions		
Student scholarships	\$ 1,039,069	\$ 1,775,612
General and administrative	305,486	278,742
Support provided to the University	1,022,581	4,342,169
Other	3,692	105,951
	<u>\$ 2,370,828</u>	<u>\$ 6,502,474</u>

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Note 14 - In-kind Contributions

For the years ended June 30, 2022 and 2021, in-kind contributions recognized within the statements of activities included the following:

	2022	2021
Campus projects	\$ 155	\$ 34,285
Academic projects	3,237	23,222
Campus and community outreach	300	44,296
Alumni relations	-	600
General and administrative	-	3,548
	<u>\$ 3,692</u>	<u>\$ 105,951</u>

Note 15 - Functional Expense

The following program services are reflected in the statement of activities for the year ended June 30, 2022:

Program Expenses	Student Scholarships	Academic Programs	Campus Projects	Campus and Community Outreach	Alumni Relations	Total
Conferences and training	\$ -	\$ -	\$ -	\$ 2,856	\$ -	\$ 2,856
Consultants	3,000	-	-	-	-	3,000
Contract services	-	-	-	6,025	20,501	26,526
Depreciation	-	10,335	-	-	1,741	12,076
Donor relations	-	-	-	4,968	-	4,968
Dues and subscriptions	-	-	-	7,567	-	7,567
Employee benefits	1,313	3,273	-	30,640	9,631	44,857
In-kind expense	-	3,237	155	300	-	3,692
Payroll taxes	743	1,852	-	17,339	5,450	25,384
Postage and shipping	-	-	-	2,122	-	2,122
Printing and duplication	-	-	-	21,692	7,207	28,899
Program expenses	-	190,753	864,490	119,306	18,281	1,192,830
Repairs and maintenance	-	-	-	-	900	900
Salaries and wages	9,174	22,873	-	214,104	67,302	313,453
Stewardship expenses	-	-	4,820	10,085	-	14,905
Special events	-	-	-	7,472	1,806	9,278
Scholarship expense	1,043,819	-	-	-	-	1,043,819
Sponsorships	-	-	-	3,528	-	3,528
Supplies	-	-	-	1,105	2,191	3,296
Telephone and internet	-	-	-	1,045	522	1,567
Total program expenses	<u>\$ 1,058,049</u>	<u>\$ 232,323</u>	<u>\$ 869,465</u>	<u>\$ 450,154</u>	<u>\$ 135,532</u>	<u>\$ 2,745,523</u>

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The following supporting services are reflected in the statement of activities for the year ended June 30, 2022:

Supporting Services Expenses	General and Administrative	Facilities and Maintenance	Fundraising	Cultivation and Stewardship	Total
Audit fees	\$ 21,186	\$ -	\$ -	\$ -	\$ 21,186
Bank charges	4,917	-	-	-	4,917
Conferences and training	1,904	-	-	4,761	6,665
Consultants	2,227	-	-	-	2,227
Contract services	46,955	-	9,507	-	56,462
Depreciation	8,525	-	-	-	8,525
Donor relations	-	-	-	4,968	4,968
Dues and subscriptions	-	-	-	7,567	7,567
Employee benefits	22,793	-	28,861	11,740	63,394
Grants and allocations	-	-	-	14,556	14,556
Insurance	5,011	-	-	-	5,011
Legal fees	25,424	-	-	7,308	32,732
Payroll taxes	12,898	-	16,332	6,644	35,874
Postage and shipping	2,929	-	1,244	3,953	8,126
Printing and duplication	2,651	-	17,484	10,423	30,558
Program expenses	95,374	-	3,155	37,512	136,041
Rent	-	32,400	-	-	32,400
Repairs and maintenance	2,100	-	-	-	2,100
Salaries and wages	159,276	-	201,673	82,038	442,987
Stewardship expenses	-	-	-	11,518	11,518
Special events	-	-	2,153	7,376	9,529
Scholarship expense	14,176	-	-	-	14,176
Sponsorships	-	-	-	3,528	3,528
Supplies	2,413	-	1,105	2,945	6,463
Telephone and internet	941	-	1,150	1,567	3,658
Total supporting services expenses	\$ 431,700	\$ 32,400	\$ 282,664	\$ 218,404	\$ 965,168

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The following program services are reflected in the statement of activities for the year ended June 30, 2021:

Program Expenses	Student Scholarships	Academic Programs	Campus Projects	Campus and Community Outreach	Alumni Relations	Total
Conferences and training	\$ -	\$ -	\$ -	\$ 5,929	\$ -	\$ 5,929
Consultants	-	-	-	3,835	5,369	9,204
Contract services	-	-	-	5,589	15,140	20,729
Depreciation	-	10,335	-	-	1,611	11,946
Donor relations	-	-	-	6,532	-	6,532
Dues and subscriptions	-	-	-	8,397	69	8,466
Education programs	-	-	-	85	-	85
Employee benefits	3,308	3,110	-	32,741	8,514	47,673
In-kind expense	-	3,882	98,926	2,893	163	105,864
Payroll taxes	1,646	1,548	-	16,301	4,239	23,734
Postage and shipping	-	-	-	3,347	498	3,845
Printing and duplication	-	66	177	17,552	5,240	23,035
Program expenses	75	168,074	4,056,315	145,424	8,098	4,377,986
Repairs and maintenance	-	-	8,232	411	1,113	9,756
Salaries and wages	22,120	20,807	-	219,044	56,966	318,937
Stewardship expenses	-	-	-	6,861	-	6,861
Special events	-	-	-	10,538	2,641	13,179
Scholarship expense	1,775,452	-	-	-	-	1,775,452
Sponsorships	-	-	-	3,810	-	3,810
Supplies	-	-	-	1,012	2,157	3,169
Telephone and internet	-	-	-	804	402	1,206
Total program expenses	\$ 1,802,601	\$ 207,822	\$ 4,163,650	\$ 491,105	\$ 112,220	\$ 6,777,398

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The following supporting services are reflected in the statement of activities for the year ended June 30, 2021:

Supporting Services Expenses	General and Administrative	Facilities and Maintenance	Fundraising	Cultivation and Stewardship	Total
Audit fees	\$ 23,602	\$ -	\$ -	\$ -	\$ 23,602
Bank charges	5,748	-	-	-	5,748
Conferences and training	3,953	-	-	9,882	13,835
Consultants	-	-	6,136	-	6,136
Contract services	36,723	-	10,480	-	47,203
Depreciation	8,218	-	-	-	8,218
Donor relations	-	-	-	6,532	6,532
Dues and subscriptions	137	-	-	8,467	8,604
Education programs	-	-	-	85	85
Employee benefits	26,231	-	26,442	10,222	62,895
Grants and allocations	-	-	-	14,369	14,369
In-kind expense	-	-	54	33	87
Insurance	4,483	-	-	-	4,483
Legal fees	5,905	-	-	3,618	9,523
Payroll taxes	13,061	-	13,165	5,090	31,316
Postage and shipping	2,169	-	3,803	2,829	8,801
Printing and duplication	1,512	-	14,362	8,644	24,518
Program expenses	7,885	-	3,525	7,608	19,018
Rent	-	36,000	-	-	36,000
Repairs and maintenance	2,700	-	771	-	3,471
Salaries and wages	175,506	-	176,904	68,392	420,802
Stewardship expenses	-	-	-	4,700	4,700
Special events	-	-	1,570	11,659	13,229
Sponsorships	-	-	-	3,810	3,810
Supplies	2,521	-	1,042	2,564	6,127
Telephone and internet	723	-	884	1,206	2,813
Total supporting services expenses	\$ 321,077	\$ 36,000	\$ 259,138	\$ 169,710	\$ 785,925

Note 16 - Retirement Plan

The Foundation has a retirement plan covering all full-time employees. Under this plan, the Foundation will contribute to a retirement account selected by the employee. The amount of contribution is a percentage of the employee's base salary. This percentage is determined at the discretion of the Board of Trustees. The Foundation contributed \$47,119 and \$43,892 for the years ended June 30, 2022 and 2021, respectively.

Note 17 - Related Party Transactions

The Foundation receives support, in the form of charitable gift annuities, from members of the Board of Trustees on a periodic basis to help fund the Foundation's mission. Trustee charitable gift annuity contributions totaled \$33,993 and \$41,000 for the years ended June 30, 2022 and 2021, respectively.

Note 18 - Restatement

During 2022, an error was discovered by management with respect to the presentation of beneficial interest in trusts held by others and net investment return.

The Foundation restated its previously issued financial statements to appropriately reflect the June 30, 2021 cash and cash equivalents, promises to give, beneficial interest in trusts held by others, investments, net investment return, and supporting services expenses. The restatement has no effect on net assets.

The following is a summary of the effects of the restatement in the Foundation's June 30, 2021 Statement of Financial Position:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
As of June 30, 2021			
Cash and cash equivalents	\$ 1,404,831	\$ (50,638)	\$ 1,354,193
Promises to give, net	1,614,500	(215,000)	1,399,500
Beneficial interest in charitable trusts held by others	-	852,671	852,671
Investments	39,203,238	(587,033)	38,616,205

The following is a summary of the effects of the restatement in the Foundation's June 30, 2021 Statement of Activities:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Year Ended June 30, 2021			
Net investment return	\$ 8,072,857	\$ (154,366)	\$ 7,918,491
Distributions from and change in value of beneficial interests held by others	-	(10,556)	(10,556)
Net assets released from restrictions - without donor restrictions	6,618,532	(116,058)	6,502,474
Net assets released from restrictions - with donor restrictions	(6,618,532)	116,058	(6,502,474)
Total revenue, support, and gains	11,579,742	(164,922)	11,414,820
General and administrative	485,999	(164,922)	321,077
Total supporting services expenses	950,847	(164,922)	785,925
Total expenses	7,728,245	(164,922)	7,563,323

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The following is a summary of the effects of the restatement in the Foundation's June 30, 2021 Statement of Cash Flows:

	As Previously Reported	Adjustment	As Restated
Year Ended June 30, 2021			
Realized and unrealized gain on investments	\$ (7,579,787)	\$ (30,058)	\$ (7,609,845)
Change in beneficial interest in assets held by others	-	10,556	10,556
Net Cash used for Operating Activities	(4,228,964)	(19,502)	(4,248,466)
Cash and Cash Equivalents, Beginning of Year	3,352,526	(31,136)	3,321,390
Cash and Cash Equivalents, End of Year	1,404,831	(50,638)	1,354,193