Statewide philanthropy.

LOCAL IMPACT.
Dear Friends,

Ask any Montanan what they love about our state and you’ll find some common themes. The wide-open spaces. The lakes, rivers, mountains and prairie. The wildlife and closeness of nature. Ask them what they love about Montanans and the common themes arise again. Hard working. Friendly. Generous. A fierce loyalty to our state. And one of the most interesting things Montanans say about themselves and each other, is that we’re self-reliant, but also selfless. We know how to take care of ourselves and at the same time, we are there to take care of each other. As one of our board members Dale Woolhiser put it, “We’re the last to ask for, and the first to offer help.”

In 1988, a group of amazing Montanans came together and founded the Montana Community Foundation (MCF). In a place where many folks are generous, but also where those in need may be reluctant to ask for it, they understood the necessity for an organization to be the catalyst, conduit and convener of philanthropy in our state. Today, MCF is the go-to place where those who want to offer help can give and those who need help can find it. This year, that help has been tremendous. Awarding more than $2.3 million, our annual distribution represents the most money MCF has ever reinvested in Montana in a single year.

This year has also been about building. Building our board and staff. Building our capacity. Building our relationships. Building our donor base. Building permanent wealth. And ultimately, building better communities in Montana. We’re incredibly excited about our future and the future of our great state. Whether you’re a donor, a fund representative, a grantee, a professional advisor or any of the many other wonderful people we have the privilege to work with, we want to say thank you for being a part of the Montana Community Foundation family.

Sincerely,

Mary Craigle
Board Chair

Mary K. Rutherford
President & CEO

* $12 billion estimated intergeneration transfer of wealth in Montana by 2020
* $33 million reinvested in Montana since 1988
* $32 million in contributions in last 10 years
* 84 affiliated funds serving 43 communities
* $74.4 million in total assets
* $61.8 million in endowed assets
* 293 planned gifts totaling more than $7.5 million

Ensuring Montana’s Future

MCF by the Numbers (as of June 30, 2014)

Building Stronger Communities through Philanthropy

As a statewide organization, sometimes the local ties and good work we’re doing at a community level is lost in translation. Our mission here at MCF is to cultivate a culture of giving so Montana communities can flourish. We accomplish that mission through our partnership with donors, local community foundations and local nonprofit organizations. These partnerships are building philanthropy throughout the state and making an impact in individual communities large and small.

Millions of dollars in grants were made this year, but what does all that money buy? It buys equipment for volunteer firefighters, supplies for animal shelters, sports equipment for high school students, funding for conservation, upkeep for museums and churches, a freezer for a community food bank, funding for children’s educational programs, new furnishings for a senior center, a home for a new women’s shelter and much, much more. Thousands of worthy causes received money in 2014 to help build stronger communities, enhance hometowns and reinvest in the Montana we all know and love to ensure it’s the same Montana for our children and grandchildren.

*Some photos courtesy of the Montana Office of Tourism

Agent of the Philanthropist

Here at MCF, we consider ourselves the agent of the philanthropist. One of the wonderful things about MCF is that we aren’t here to support any one charity in Montana, we’re here to support all philanthropy in Montana. We often have donors, and in particular advisors for donor advised funds, who may not know exactly how they want to help. They may have a general idea, a particular field of interest they want to support, a region or specific community in mind, or no idea at all. We take a proactive approach with these donors by identifying charitable opportunities that meet their philanthropic goals and make the greatest impact. We also help these donors identify worthy organizations that may not be as well-known as others and therefore may not receive as much funding, but whose mission fulfills a significant and critical need in a local community.

*Some photos courtesy of the Montana Office of Tourism

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More for Montana

At the annual meeting in November, the board of directors unanimously approved increasing the endowment payout rate to 4.5 percent effective for the December 31, 2014 payout. The board’s action to increase the payout rate was important for a number of reasons. Primarily, raising the payout rate to 4.5 percent from the previous rate of 4 percent is prudent, especially given strong investment returns. This change puts MCF in the top 30 percent for payouts among community foundations in the United States.

More importantly, the increase results in approximately $250,000 more each year in grant funding to support Montana communities.

Ensuring Montana’s Future through Scholarship

MCF awarded nearly $325,000 in scholarships to deserving Montana students for the 2014-15 academic year. Approximately 200 students and 30 colleges and universities are encompassed in the awards.

One deserving student and recipient of the Marcia Edsall Scholarship is Laurel Sabel. A Bozeman native and now attending Montana State University, Laurel is earning a degree in Exercise Science in hopes of ultimately pursuing a doctorate. She plans to become a pediatric occupational therapist with a specialty in autism.

“I would like to work in Bozeman as a way to give back and stay a part of the community that has changed my life,” said Laurel. “I would like to thank Marcia Edsall and her family for helping make my dreams come true. Montana is such a special place and I hope to be able to give back in the way that she has given to me.”

The Marcia Edsall Scholarship Fund was created to support young women from Gallatin County. Born in 1929 in Pony, Montana, Marcia and her family later moved to Bozeman where she also attended Montana State University. Described by one of her daughters as a “very generous person” who taught her children to “always give back more than they received,” Marcia’s kindness is helping young women like Laurel achieve their goals.
Keeping Wealth in Montana

Twelve billion dollars. That is the estimated wealth transfer from one generation to the next in Montana by 2020. The question we must ask is this: Will any of that wealth remain in the communities and for the communities that helped build it?

Here in Montana we’ve experienced the effect of wealth leaving our state. Communities have lost services, seen local businesses shut down and watched as children move away. Year after year it becomes more difficult to support local parks, churches, youth and senior centers, theaters and symphonies, museums and more.

This trend doesn’t have to continue though. Here at the Montana Community Foundation, we help build permanent wealth to invest in Montana communities and the nonprofit organizations that make our towns the places we love to call home. By capturing just five percent of this transfer, we will generate approximately $31 million every year for Montana nonprofits and communities. Imagine what we could accomplish reinvesting $31 million every year in Montana.

But how do we “capture” this wealth? The only way we can do it and ensure it will give back to our state for generations to come is through permanently endowed funds. The wonderful thing about endowed funds here in Montana is that we’re lucky enough to be one of just four states that offer donors an incredible tax incentive to give. The Montana Endowment Tax Credit offers a credit of 40 percent of a qualifying planned gift’s federal charitable deduction, up to a maximum of $10,000, per year, per individual. It also allows a credit of 20 percent of a gift’s federal charitable deduction for a direct gift by a qualified business up to a maximum of $10,000 per year.

That’s where the Montana Office of Gift Planning (MOGP) comes in. The MOGP was created in 2014 to help Montanans make the very most of their planned gifts, not only for the charities they will benefit, but also for the donors themselves. There is nothing we like more than finding creative ways to get the most out of philanthropy for both the generous people making the gifts and the amazing organizations they choose to give to. It’s a win-win for Montana.
Benchmarking

One thing we do here at MCF and feel is so important is self-evaluation. While we believe we are the “go-to” place for philanthropy in Montana, we are always striving to improve. One method of gauging our success is comparing MCF to peer community foundations. We are happy to tell you our most recent evaluation of financial returns compared to the benchmark for U.S. community foundations is very positive. For the year ending 2014, our annualized returns net of fees for one and three years exceeded our community foundation peers’ returns by 1.0 and 0.6 percent respectively.

New Funds

- Advancing Early Childhood Education Fund
- Cinnabar Foundation Conservation Endowment
- Craig and Ellen Langel Family Fund
- David and Brittany Bell Family Fund
- Miracle of America Museum Fund
- Montana Dance Fund
- Nathan and Jane English Family Fund
- Ovando Community Education Endowment
- The Poverello Center
- Staple Bar Ranch Endowment
- Thompson Family Fund for the Benefit of Helena Area Community Foundation
Funds for Montana’s Future

Endowed Funds
($30 endowed funds at MCF representing more than $61.8 million)

Agency Funds
Agency endowed funds are permanent funds established by a charity that designates itself as the beneficiary. Agency endowments help ensure the continuity of programs and can provide resources to meet emergencies and occasional financial deficits. Agency endowments free the charity from administrative burdens of managing endowed assets, by turning over responsibility for asset investment and administration to MCF staff skilled in these areas.

Designated Funds
A designated fund provides permanent support through an annual distribution for specified charitable organizations. For many donors, this is an ideal way to provide ongoing support for organizations that they have supported over the years.

Donor Advised Funds
A donor advised fund is defined as one in which the donor, or a committee designated by the donor, may recommended to MCF grants to eligible charitable recipients. Such funds are designed to encourage the participation and involvement of a wide range of living donors in the philanthropic interests and activities of MCF.

Field of Interest Funds
A field of interest fund provides grantmaking within a particular area – such as human services, affordable housing, public education, or the performing arts.

Scholarship Funds
A scholarship fund provides a tangible link to the future. The gift of education a scholarship bestows benefits not just the student, but the community as well.

Community Impact Funds
Community Impact Funds are the most flexible type of fund and the most responsive to changing community needs. These funds are ideal for donors who want to build maximum versatility into their charitable giving and place responsibility for selecting the most appropriate grantees with MCF’s board.

Non-Permanent Funds
(28 non-permanent funds at MCF representing more than $3.1 million)

Donors have the option to start non-permanent funds that are designated, donor advised, field of interest, scholarship or unrestricted funds. Non-permanent funds may be established to spend down in a specified amount of time. With a non-permanent fund, donors often are interested in affecting change as quickly as possible. With non-permanent funds, the assets may or may not be invested in MCF’s pooled portfolio, depending on the size of the fund and the length of time that the money will remain in the fund.

Other Options

Fiscal Sponsorship
MCF assumes the fiscal/accounting responsibility for a funded project for a non-501(c)(3) organization. These arrangements are not permanent; they must have a finite lifetime. The mission of the organization must be aligned with the mission of MCF. Generally, MCF will accept fiscal sponsorships only if the project has a statewide impact. Smaller, local projects needing a fiscal sponsor will be referred to a local community foundation, if available.

Supporting Organization
A supporting organization is a 509(a)(3) organization established to support MCF. The supporting organization enjoys many of the benefits of a private foundation – its own board, its own grantmaking and investment programs, and a sense of autonomy and visibility – while receiving access to the benefits and services of MCF. Moreover, as a supporting organization of MCF, its donors receive all the tax benefits of a gift to a 501(c)(3) public charity. Establishing a new supporting organization requires MCF board approval.

*As of June 30, 2014
Where Generosity is at Work

The generosity of our donors is making a difference in communities throughout the great state of Montana. Below you’ll find a map denoting the locations where more than $3 million in grants and distributions were made last year, including the hometowns of scholarship recipients.

*As of June 30, 2014

Grants | Scholarships
Statement of Financial Position
*As of June 30

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,730,292</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>114,790</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>28,311</td>
</tr>
<tr>
<td>Beneficial interest in posted income fund</td>
<td>1,073,774</td>
</tr>
<tr>
<td>Postled investments</td>
<td>70,169,411</td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>256,009</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation of $2,959,991 and $2,915,231, respectively</td>
<td>53,002</td>
</tr>
<tr>
<td>Total assets</td>
<td>$74,425,609</td>
</tr>
</tbody>
</table>

| **LIABILITIES** | | |
| Accounts payable | $48,973 | $12,624 |
| Accrued expenses | 71,737 | 17,174 |
| Grants and distributions payable | 740,436 | 803,773 |
| Planned gift liabilities | 1,941,744 | 1,914,350 |
| Funds held as agency endowments | 6,625,135 | 7,579,478 |
| Total liabilities | $11,428,025 | $10,327,399 |

| **NET ASSETS** | | |
| Unrestricted net assets | | |
| Unrestricted - for operating purposes | $969,221 | $853,235 |
| Unrestricted - deficit in endowment assets | (3,719) | (84,043) |
| Total unrestricted net assets | 965,502 | 769,192 |
| Temporarily restricted net assets | 14,030,078 | 8,360,046 |
| Permanently restricted net assets | 48,022,004 | 45,639,096 |
| Total net assets | $62,997,584 | $54,768,334 |
| Total liabilities and net assets | $74,425,609 | $65,095,733 |

Statement of Activities
*For year ended June 30

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$4,009,431</td>
</tr>
<tr>
<td>Revenue and other additions</td>
<td></td>
</tr>
<tr>
<td>Administrative fees</td>
<td>138,110</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>1,564,462</td>
</tr>
<tr>
<td>Realized and unrealized gains and losses on investments</td>
<td>7,384,080</td>
</tr>
<tr>
<td>Change in value of beneficial interest in posted income fund</td>
<td>237,719</td>
</tr>
<tr>
<td>Change in value of planned gift liabilities</td>
<td>(198,305)</td>
</tr>
<tr>
<td>Total revenue and other additions</td>
<td>9,126,066</td>
</tr>
<tr>
<td>Total support and revenue</td>
<td>$13,135,497</td>
</tr>
</tbody>
</table>

| **EXPENSES** | | |
| Grants and philanthropic distributions | $2,964,286 | $2,265,662 |
| Endowment expenses | 323,574 | 288,926 |
| Operating and administrative expenses | 600,927 | 514,633 |
| Development and fund-raising | 94,681 | 45,570 |
| Program support | 922,779 | 817,114 |
| Total operating and administrative expenses | 1,618,387 | 1,377,317 |
| Total expenses | $4,906,247 | $3,931,905 |

| **CHANGE IN NET ASSETS** | | |
| Increase in net assets | $8,229,250 | $4,813,914 |
| Net Assets, beginning of year | 54,768,334 | 49,954,420 |
| Net Assets, end of year | $62,997,584 | $54,768,334 |

The financial statements of Montana Community Foundation are audited annually by Moss Adams, LLP, an independent public accounting firm. A copy of the Report of Independent Auditors and Financial Statements and Form 990 tax return may be obtained on our website at www.mtcf.org or by contacting the Montana Community Foundation office.
Assets, Disbursements and Contributions

of the Montana Community Foundation.

**Total Assets**
(in Millions)

**Endowed Assets**
(in Millions)

**Grants and Distributions**
(in Millions)

**Contributions**
(in Millions)

As of 06.30 2014

Meet the People of MCF

Like you, we love Montana. That’s why we serve as board members and staff. Every day, we get to help preserve the things we love about our state forever.
Meet the People of MCF

Like you, we love Montana. That’s why we serve as board members and staff. Every day, we get to help preserve the things we love about our state forever.

Board Members

Mary Craigle
Board Chair
Helena

Kelly Bruggeman
Billings

Casey Lozar
Helena

Tawnya Rupe
Wilsall

Laura Brehm
Missoula

Barbara Byrne
Ulm

Scott Pankratz
Missoula

Synthia K. Woodi
Vice Chair
Billings

Jenny Bretherton
Missoula

Dan Clark
Bozeman

Brian Patrick
Secretary
Great Falls

Dale Woolhiser
Treasurer
Missoula

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