



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

MONTANA COMMUNITY FOUNDATION

June 30, 2018 and 2017



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Report of Independent Auditors

To the Board of Directors
Montana Community Foundation
Helena, Montana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Montana Community Foundation, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Montana Community Foundation as of June 30, 2018 and 2017, and the consolidated changes in the net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and the consolidating schedule of statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Spokane, Washington
January 31, 2019

Montana Community Foundation
Consolidated Statements of Financial Position

ASSETS

	June 30,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 2,523,146	\$ 3,952,461
Accrued interest receivable	49,646	58,884
Prepaid expenses and other	107,976	162,959
Beneficial interest in pooled income fund	383,038	511,676
Pooled investments	94,910,771	80,709,496
Cash surrender value of life insurance	268,686	245,057
Net property and equipment	2,292,781	2,391,291
Total assets	\$ 100,536,044	\$ 88,031,824

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 97,896	\$ 61,534
Accrued expenses	103,078	74,422
Other current liabilities	29,620	7,261
Grants and distributions payable	1,115,753	1,071,634
Planned gift liabilities	3,078,137	2,211,880
Long-term debt	1,653,307	1,693,581
Funds held as agency endowments	10,608,229	9,790,275
Total liabilities	16,686,020	14,910,587
NET ASSETS		
Unrestricted net assets		
Unrestricted - for operating purposes	103,312	273,782
Unrestricted - deficit in endowment assets	(14,313)	(19,844)
Total unrestricted net assets	88,999	253,938
Temporarily restricted net assets	16,091,450	14,624,857
Permanently restricted net assets	67,669,575	58,242,442
Total net assets	83,850,024	73,121,237
Total liabilities and net assets	\$ 100,536,044	\$ 88,031,824

Montana Community Foundation

Consolidated Statements of Activities

	Year Ended June 30, 2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Contributions				
Contributions	\$ 100,255	\$ 1,929,652	\$ 8,956,938	\$ 10,986,845
Intrafund grants from charitable funds	139,214	17,976	23,704	180,894
Total contributions	<u>239,469</u>	<u>1,947,628</u>	<u>8,980,642</u>	<u>11,167,739</u>
Revenue and other additions				
Administrative fees	351,616	-	-	351,616
Interest and dividends	80,983	917,185	101,021	1,099,189
Realized and unrealized gains (losses) on investments	(29,155)	4,056,922	646,188	4,673,955
Change in deficit in endowments	5,531	(5,531)	-	-
Change in value of beneficial interest in pooled income fund	-	-	(128,638)	(128,638)
Change in value of planned gift liabilities	-	-	(172,080)	(172,080)
Rental and other income	219,118	-	-	219,118
Total revenue and other additions	<u>628,093</u>	<u>4,968,576</u>	<u>446,491</u>	<u>6,043,160</u>
Net assets released from restrictions	<u>5,447,800</u>	<u>(5,447,800)</u>	<u>-</u>	<u>-</u>
Total support, revenue, other additions, and net assets released from restrictions	<u>6,315,362</u>	<u>1,468,404</u>	<u>9,427,133</u>	<u>17,210,899</u>
EXPENSES				
Grants and philanthropic distributions				
Grants	3,768,003	-	-	3,768,003
Intrafund grants to charitable funds	180,944	-	-	180,944
Transfer of assets under management	-	1,811	-	1,811
Total grant and philanthropic distributions	<u>3,948,947</u>	<u>1,811</u>	<u>-</u>	<u>3,950,758</u>
Endowment expenses				
Investment fees	224,742	-	-	224,742
Total endowment expenses	<u>224,742</u>	<u>-</u>	<u>-</u>	<u>224,742</u>
Operating and administrative expenses				
General and administrative	1,140,664	-	-	1,140,664
Development and fund-raising	513,217	-	-	513,217
Program support	652,731	-	-	652,731
Total operating and administrative expenses	<u>2,306,612</u>	<u>-</u>	<u>-</u>	<u>2,306,612</u>
Total expenses	<u>6,480,301</u>	<u>1,811</u>	<u>-</u>	<u>6,482,112</u>
Adjustments to net assets	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	<u>(164,939)</u>	<u>1,466,593</u>	<u>9,427,133</u>	<u>10,728,787</u>
NET ASSETS, beginning of year	<u>253,938</u>	<u>14,624,857</u>	<u>58,242,442</u>	<u>73,121,237</u>
NET ASSETS, end of year	<u>\$ 88,999</u>	<u>\$ 16,091,450</u>	<u>\$ 67,669,575</u>	<u>\$ 83,850,024</u>

Montana Community Foundation Consolidated Statements of Activities (continued)

	Year Ended June 30, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Contributions				
Contributions	\$ 117,484	\$ 1,177,788	\$ 4,436,215	\$ 5,731,487
Intrafund grants from charitable funds	345,424	193,249	3,276	541,949
Total contributions	<u>462,908</u>	<u>1,371,037</u>	<u>4,439,491</u>	<u>6,273,436</u>
Revenue and other additions				
Administrative fees	178,577	-	-	178,577
Interest and dividends	41,954	425,210	47,248	514,412
Realized and unrealized gains (losses) on investments	(8,693)	4,412,191	719,955	5,123,453
Change in deficit in endowments	6,194	(6,194)	-	-
Change in value of beneficial interest in pooled income fund	-	-	(113,813)	(113,813)
Change in value of planned gift liabilities	-	-	(218,734)	(218,734)
Rental and other income	114,107	-	-	114,107
Total revenue and other additions	<u>332,139</u>	<u>4,831,207</u>	<u>434,656</u>	<u>5,598,002</u>
Net assets released from restrictions	<u>4,348,283</u>	<u>(4,348,283)</u>	<u>-</u>	<u>-</u>
Total support, revenue, other additions, and net assets released from restrictions	<u>5,143,330</u>	<u>1,853,961</u>	<u>4,874,147</u>	<u>11,871,438</u>
EXPENSES				
Grants and philanthropic distributions				
Grants	2,818,667	-	-	2,818,667
Intrafund grants to charitable funds	541,949	-	-	541,949
Transfer of assets under management	47,507	-	-	47,507
Total grant and philanthropic distributions	<u>3,408,122</u>	<u>-</u>	<u>-</u>	<u>3,408,122</u>
Endowment expenses				
Investment fees	209,347	-	-	209,347
Total endowment expenses	<u>209,347</u>	<u>-</u>	<u>-</u>	<u>209,347</u>
Operating and administrative expenses				
General and administrative	1,124,142	-	-	1,124,142
Development and fund-raising	491,455	-	-	491,455
Program support	552,290	-	-	552,290
Total operating and administrative expenses	<u>2,167,887</u>	<u>-</u>	<u>-</u>	<u>2,167,887</u>
Total expenses	<u>5,785,357</u>	<u>-</u>	<u>-</u>	<u>5,785,357</u>
Adjustments to net assets	-	(2,990)	2,990	-
INCREASE (DECREASE) IN NET ASSETS	(642,027)	1,850,971	4,877,137	6,086,081
NET ASSETS, beginning of year	<u>895,965</u>	<u>12,773,886</u>	<u>53,365,305</u>	<u>67,035,156</u>
NET ASSETS, end of year	<u>\$ 253,938</u>	<u>\$ 14,624,857</u>	<u>\$ 58,242,442</u>	<u>\$ 73,121,237</u>

Montana Community Foundation

Consolidated Statements of Cash Flows

	Years Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 10,728,787	\$ 6,086,081
Adjustments to reconcile net assets to net cash from operating activities		
Cash surrendered from life insurance	(23,629)	-
Realized and unrealized gains	(4,673,955)	(5,123,453)
Depreciation	98,510	49,655
Loss on disposal of PP&E	-	15,520
Beneficial interest in pooled income fund	128,638	113,813
Change in valuation of planned gift liabilities	172,080	218,734
Noncash contributions	(1,818,730)	(2,483,853)
Contributions to permanently restricted endowments	(8,956,938)	(4,436,215)
Change in operating assets and liabilities		
Interest receivable	9,238	70,339
Prepaid expenses	54,983	(120,293)
Accounts payable	36,362	43,724
Accrued expense	28,656	(29,596)
Grants payable	44,119	123,027
Other current liabilities	22,359	(3,612)
Funds held as agency endowments	817,954	908,276
Net cash from operating activities	<u>(3,331,566)</u>	<u>(4,567,853)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of pooled investments	46,821,107	175,114,731
Purchase of pooled investments	(53,641,018)	(172,931,326)
Purchase of property and equipment	-	(647,623)
Net cash from investing activities	<u>(6,819,911)</u>	<u>1,535,782</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments	(40,274)	(26,419)
Contributions to permanently restricted endowments	8,956,938	4,436,215
Payments to annuitants and life income beneficiaries	(194,502)	(195,161)
Net cash from financing activities	<u>8,722,162</u>	<u>4,214,635</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,429,315)	1,182,564
Cash and cash equivalents, beginning of year	<u>3,952,461</u>	<u>2,769,897</u>
Cash and cash equivalents, end of year	<u>\$ 2,523,146</u>	<u>\$ 3,952,461</u>
SUPPLEMENTAL DISCLOSURES		
Noncash acquisition of financed property, plant, and equipment	\$ -	\$ 1,720,000
Interest paid	\$ 100,497	\$ 72,210

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 1 – General Purpose and Activities

Montana Community Foundation (Foundation) is a Montana public benefit corporation whose mission is to cultivate a culture of giving so Montana communities can flourish. It accomplishes this by working with donors who want to provide long-term support for charitable services, communities to build unrestricted funds to meet changing needs, and policy makers to implement systemic changes to improve the quality of life for Montanans. The majority of gifts received are endowment gifts, which are preserved in perpetuity. Each year a prudent spending rate is applied to the Foundation's endowments, and the spendable portion of these endowments are granted to Montana public benefit charities or to award scholarships. The Foundation was incorporated on January 29, 1988.

On September 13, 2016, the Foundation created 33 S. Last Chance Gulch, LLC. The Foundation holds a 100% interest in 33 S. Last Chance Gulch, LLC.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Principles of Consolidation – The consolidated financial statements include the accounts of Montana Community Foundation and its wholly owned subsidiary, 33 S. Last Chance Gulch, LLC (33 S LCG). All significant intercompany balances and transactions have been eliminated in consolidation.

Fund accounting – The accounts of the Foundation are maintained in accordance with the principles of fund accounting. As such, contributions are classified into funds based upon their particular purpose and nature. For the purpose of investing funds, the Foundation pools them according to their purpose or whether they are considered permanently or temporarily restricted. At June 30, 2018 and 2017, the Foundation held 615 and 553 endowment funds, respectively.

Classification of net assets – In order to report limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation and financial statement presentation are maintained in accordance with the requirements of the Financial Accounting Standards Board. This requires the Foundation to report its consolidated financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets – Resources that are not restricted by donor-imposed stipulations. Generally, these assets represent the operating assets of the Foundation.

Temporarily restricted net assets – Resources that are limited by donor stipulations that expire with the passage of time or upon completion of charitable goals. This category consists of undistributed earnings on permanent endowment funds and funds held for specific projects.

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Permanently restricted net assets – Resources from donors to permanent endowments. The value of contributions to permanent endowments is never spent. Generally, the earnings on permanent endowments are classified as temporarily restricted until appropriated for expenditure based on the Foundation's payout policy or other terms of the gift agreement. In some cases, the terms of the gift agreement require appreciated earnings to also be permanently restricted.

Cash and cash equivalents – For financial statement purposes, the Foundation considers all cash accounts and highly liquid debt instruments purchased with a maturity of 90 days or less as cash equivalents. This amount is available to support the operating needs of the Foundation. Cash and cash equivalents are also held by investment managers for future investment in securities and are reported as part of pooled investments.

Income taxes – The Foundation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. The Foundation complies with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. As of June 30, 2018 and 2017, the Foundation had no uncertain tax positions requiring accrual.

Fair value measurement of investments – Investments are stated at fair value following applicable requirements of accounting principles generally accepted in the United States of America. Fair value is defined as the price the Foundation would receive upon selling an asset in an orderly transaction between market participants at the measurement date. Fair market values are determined by the most relevant available and observable valuation inputs and are classified into three levels.

Level 1 – Quoted prices in active markets for identical assets or liabilities. Example: listed securities.

Level 2 – Directly or indirectly observable inputs other than quoted prices included in Level 1. Example: thinly traded securities.

Level 3 – Unobservable inputs that are not corroborated by market data and reflect the entity's assumptions for pricing. Example: private equity funds.

Inputs are used in applying the valuation techniques and broadly refer to the assumptions the Foundation uses to make valuation decisions, including assumptions about risk. Inputs may include quoted market prices, recent transactions, manager statements, periodicals, newspapers, provisions within agreements with investment managers, and other factors. An investment's level within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Foundation's perceived risk of that investment.

Investments in cash equivalents, mutual funds, debt securities, and certain domestic and international equities are valued based on quoted market prices, and are therefore, typically classified within Level 1.

Montana Community Foundation Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Investments in cash management funds, where cash deposits are invested in a diversified network of banks are classified within Level 2.

Investment funds valued using net asset value per share (NAV) or its equivalent as reported by investment managers, and have trading activity and the ability to redeem at NAV on or near the reporting date, are evaluated outside of the fair value hierarchy in accordance with Accounting Standards Update 2015-07.

Certain investments in private equity funds or other private investments are valued utilizing unobservable inputs, and have had no trading activity or cannot be redeemed at NAV or its equivalent on or near the reporting date are therefore, classified within Level 3. These assets are presented in the accompanying consolidated financial statements at fair value. The Foundation's determination of fair value is based upon the best available information provided by the investment manager and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Such value generally represents the Foundation's proportionate share of the partner's capital of the investment partnerships as reported by their general partners. For these investments, the Foundation, through its monitoring activities, agrees with the fair market value as determined by the investment managers.

The general partners of the underlying investment partnerships generally value their investments at fair value and in accordance with accounting principles generally accepted in the United States of America. Investments with no readily available market are generally valued according to the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, and/or the income approach. Consideration is also given to financial condition and operating results of the investment, the amount the investment partnerships can reasonably expect to realize upon the sale of the securities, and any other factors deemed relevant.

Although the Foundation uses its best judgment in determining the fair value, the values presented herein are not necessarily indicative of the amount the Foundation could realize in a current transaction. Future events could affect the estimates of fair value and could be material to the financial statements. These events could also affect the amount realized upon redemption of the investments.

Beneficial interest in pooled income fund – The Foundation is the beneficiary of irrevocable pooled income gifts that are managed as a trust by a third party trustee. The value of the Foundation's estimated irrevocable remainder interest is the discounted present value of cash flows and is shown as a beneficial interest in pooled income fund.

Beneficial interest in pooled income fund is valued under the income approach, based on the underlying assets held in trust as reported by the trust adjusted by a discounted cash flow analysis that considers the expected future value of the fund after payment of beneficiary payments of interest and dividends earned by the respective interest in the fund. The primary unobservable inputs for the beneficial interest in pooled income fund are the reported fair value of assets contained in the fund reported by the trustee, the applicable internal revenue service discount rate at period end, a five-year average rate of return and mortality table applicable to the original gift.

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Pooled investments – The Foundation pools its funds for the purposes of investing. The Foundation uses two investment pools; one holds endowment and agency funds (Investment Pool) and the second holds all other funds that are temporarily restricted or unrestricted (Short Term Pool). The Investment Pool's assets are divided among cash, fixed income, equity, and alternative investments. Allocation among asset classes and investment managers is guided by an investment policy based upon an investment objective of growth and income. The Short Term Pool's assets are cash and fixed income investments and investing is guided by an investment policy based on preserving contribution value. Earnings from the pooled investment portfolios are prorated back to individual funds.

The Foundation is the beneficiary of irrevocable planned gifts (split interest agreements)—gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts. The remainder amount of all planned gifts benefits funds that are permanently restricted and, therefore, planned gift assets are invested in the Investment Pool.

Property and equipment – Property and equipment are carried at cost if purchased and at fair value at the date of the gift if donated. Depreciation is computed using the straight-line method over a period of 3 to 30 years. The Foundation capitalizes expenditures for items over \$5,000 that have a useful life over one year.

Grants and distributions payable – Grants are recognized as liabilities at the time they are authorized for expenditure regardless of the year the grants are paid. Grant 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.

Planned gift liabilities (split interest agreements) – The Foundation records an amount due to income beneficiaries of charitable gift annuities and charitable remainder trusts when it acts as trustee. The liability is based on the present value of the estimated future payments to be distributed during the income beneficiary's expected life. Annual adjustments to the liability reflect revaluation of the present value of the estimated future payments to the income beneficiary and are recognized in the statement of activities as a change in value of planned gifts. The present value of the estimated future payments was calculated using discount rates, ranging from 2.5% to 7.0%, at the date of gift and applicable mortality tables.

Funds held as agency endowments – The Foundation follows the accounting standards for transfers of assets to not-for-profit organizations and charitable trusts that raise or hold contributions for others. When a not-for-profit organization establishes a fund with the Foundation with its own funds and specifies itself as the beneficiary of that fund, the Foundation must account for the fund as a liability. The liability is recorded at the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit. The Foundation refers to these funds as agency funds. According to agreements, the Foundation owns the assets of agency endowments; however, in the event the Foundation is dissolved, agency endowments would be returned to the benefitting nonprofit. The Foundation reports the funds as part of pooled investments.

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

The Foundation manages gift annuities for which it is not the remainder beneficiary. Upon maturity or termination, the value of the annuity will be transferred to the Foundations endowment for the benefiting charity to be held as a liability within permanent endowment. These assets are recorded as an asset of the investment pool and as funds held as agency endowments. The Foundation receives a fee for this arrangement.

Contributions – Contributions are recognized as revenue when received or unconditionally promised. Contributions of public stock are recorded at fair market value on the date of donation. Contributions of life insurance policies are recorded at cash surrender value on the date of donation.

Administrative fees – Fees charged for the management of agency funds are reported as revenue. Fees charged for the management of other funds are reported as net assets released from restriction (see Note 8).

Change in deficit in endowments – Permanently restricted net assets cannot be expended; however, it is possible that market conditions will cause the current value of permanently restricted assets to fall below the value that is accounted for as permanent. When that happens, the difference between the permanent balance and the fair value is accounted for as an unrealized loss to unrestricted net assets in the year of the loss. Market gains cause current values to approach or meet the permanent value, that amount is recognized as a gain in unrestricted funds until made whole.

Intrafund grants to/from charitable funds – This is the amount granted from one Foundation fund to another based on donor recommendations and Foundation approval. These grants are both expenses and revenues at the fund level. They are reported as intrafund grants to charitable funds and intrafund grants from charitable funds on the consolidated statement of activities for the purpose of reflecting all grant support from the Foundation's funds. Although this is not in accordance with GAAP, the amounts are deemed immaterial for elimination and have no impact on the total change in net assets.

Functional expenses – Expenses, which apply to more than one functional category, are allocated between general and administrative, development, and program support based on the time spent on these functions by specific employees as estimated by senior management. The remaining costs are charged directly to the appropriate functional category.

Adjustments to net assets – During the year ended June 30, 2018, there were no adjustments made to net assets. During the year ended June 30, 2017, in accordance with donor request, a gift to a donor designated endowment was adjusted as a gift to an agency endowment.

Concentrations of risk –

Cash equivalents – In the normal course of business, the Foundation may maintain balances at a bank in excess of the federally insured limits.

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (continued)

Investments – Investments are exposed to various risks, such as interest, market, and credit risks. It is reasonably possible given the risks associated with investments that changes in the near term could materially affect the amounts reported in the consolidated financial statements. To manage risk, the Foundation has formal investment policies. The Foundation engages the services of a third party investment consultant that assists with compliance with the policies and evaluation of performance.

Accounting estimates – The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Foundation recognizes in the consolidated financial statements the effect of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about the conditions that did not exist at the date of the statement of consolidated financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are issued.

The Foundation has evaluated subsequent events through January 31, 2019, which is the date the consolidated financial statements were available to be issued.

Note 3 – Interpretation of Relevant Laws

Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Montana Code Annotated [MCA] 72-30-101) – The Board of Directors, in consultation with its legal counsel, determined it holds net assets that meet the definition of endowment funds under UPMIFA. As a result, the Foundation classifies contributions made to endowment funds as permanently restricted net assets. The value is established on the date of contribution. Earnings on endowment funds are classified as temporarily restricted net assets until appropriated for expenditure by the Foundation unless required to be added to the corpus and then the earnings are classified as permanently restricted.

From time to time, the fair value of endowment funds may fall below the amount classified as permanently restricted net assets. At June 30, 2018 and 2017, the Foundation had deficiencies in 34 funds totaling \$14,313 and 11 funds totaling \$19,844, respectively. These deficiencies reflect unfavorable market fluctuation during the reporting periods. They are reflected as a reduction to unrestricted net assets.

Montana Community Foundation Notes to Consolidated Financial Statements

Note 3 – Interpretation of Relevant Laws (continued)

Foundation’s investment and payout policies – Endowment funds – The Foundation has adopted investment and spending policies for endowment assets that are designed and intended to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the Foundation’s endowment assets. The Foundation’s investment and payout policies work together to achieve these objectives. The investment policy attempts to establish an achievable return objective through diversification of and prescribed allocation among asset classes, restrictions on asset quality, and limitations on concentrations of holdings by sector and company. The current long-term return objective is 5.5% plus inflation. Actual returns in any given year may vary from this objective. To achieve its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and income (interest and dividends). The Foundation’s asset allocation places a greater emphasis on equity-based investments in order to achieve its long-term return objectives within prudent risk parameters.

The payout policy calculates the amount of money distributed annually from the Foundation’s endowed funds. The payout policy was 4.5% for both years, with the exception of underwater funds that payout at 4.0%, of the three year daily average fund balance calculated each December 31 for the years reported. The payout policy is subject to annual review and modification by the Board of Directors. Changes to the payout policy are guided by the standards described in UPMIFA.

Qualified endowment credit (MCA 15-30-165) – Montana law provides for a tax credit against Montana income tax liability for individuals and businesses in exchange for planned gifts made by an individual tax payer to a qualified endowment or a direct gift made by a business to a qualified endowment.

Montana Charitable Gift Annuity Exemption Act (MCA 33-20-701) – Montana law requires charitable organizations that offer charitable gift annuities to meet certain requirements set forth by the Montana insurance commissioner. Annual registration is required.

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 4 – Investments and Fair Value Measurements

Investments are carried at fair value and consist of the following as of June 30:

	June 30, 2018			Total
	Level 1	Level 2	Level 3	
Pooled investments - redeemable securities				
Cash and cash equivalents	\$ 2,389,411	\$ -	\$ -	\$ 2,389,411
Equity securities				
Domestic common stocks	5,371,938	-	-	5,371,938
Foreign stocks	1,205,858	-	-	1,205,858
Other	-	-	-	-
Total equity securities	6,577,796	-	-	6,577,796
Debt securities				
Corporate bonds	1,636,788	-	-	1,636,788
US Treasury securities	2,039,905	-	-	2,039,905
Government agency notes	5,880,494	-	-	5,880,494
Municipal bonds	646,233	-	-	646,233
Total debt securities	10,203,420	-	-	10,203,420
Other equity securities				
Mutual funds	18,631,425	-	-	18,631,425
Total other equity securities	18,631,425	-	-	18,631,425
Private equity				
Global opportunity	-	-	1,398,768	1,398,768
Total public equity	-	-	1,398,768	1,398,768
Public equity				
Cash management	-	2,513,214	-	2,513,214
Total public equity	-	2,513,214	-	2,513,214
Private investments				
US private equity energy	-	-	95,146	95,146
Distressed securities	-	-	145,162	145,162
Total public equity	-	-	240,308	240,308
Total redeemable securities	37,802,052	2,513,214	1,639,076	41,954,342
Pooled investments - nonredeemable securities				
Private equity				
Commercial real estate	-	-	29,895	29,895
Total nonredeemable securities	-	-	29,895	29,895
Total	\$ 37,802,052	\$ 2,513,214	\$ 1,668,971	41,984,237
Investments measured at NAV practical expedient				52,926,534
Total				\$ 94,910,771
Beneficial interest in pooled income fund			\$ 383,038	\$ 383,038

Montana Community Foundation Notes to Consolidated Financial Statements

Note 4 – Investments and Fair Value Measurements (continued)

	June 30, 2017			Total
	Level 1	Level 2	Level 3	
Pooled investments - redeemable securities				
Cash and cash equivalents	\$ 2,596,972	\$ -	\$ -	\$ 2,596,972
Equity securities				
Domestic common stocks	4,518,235	-	-	4,518,235
Foreign stocks	1,076,293	-	-	1,076,293
Other	133,222	-	-	133,222
Total equity securities	5,727,750	-	-	5,727,750
Debt securities				
Corporate bonds	1,827,282	-	-	1,827,282
US Treasury securities	6,988,978	-	-	6,988,978
Government agency notes	2,036,513	-	-	2,036,513
Municipal bonds	832,168	-	-	832,168
Total debt securities	11,684,941	-	-	11,684,941
Other equity securities				
Mutual funds	5,212,198	-	-	5,212,198
Total other equity securities	5,212,198	-	-	5,212,198
Private equity				
Global opportunity	-	-	657,568	657,568
Total public equity	-	-	657,568	657,568
Public equity				
Cash management	-	3,366,627	-	3,366,627
Total public equity	-	3,366,627	-	3,366,627
Private investments				
US private equity energy	-	-	32,530	32,530
Distressed securities	-	-	2,615	2,615
Total public equity	-	-	35,145	35,145
Total redeemable securities	25,221,861	3,366,627	692,713	29,281,201
Pooled investments - nonredeemable securities				
Private equity				
Commercial real estate	-	-	74,773	74,773
Total nonredeemable securities	-	-	74,773	74,773
Total	\$ 25,221,861	\$ 3,366,627	\$ 767,486	29,355,974
Investments measured at NAV practical expedient				51,353,522
Total				\$ 80,709,496
Beneficial interest in pooled income fund			\$ 511,676	\$ 511,676

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 4 – Investments and Fair Value Measurements (continued)

The following table presents information regarding funds with fair value that is determined using the NAV (or its equivalent), per the practical expedient, provided by the fund as of June 30:

	<u>2018</u>	<u>2017</u>
Hedge fund investments		
Equity long/short	\$ -	\$ 4,349
Diversifying strategy	2,892,042	6,137,678
Growth strategy	8,305,245	7,011,822
Public equity investments		
Developed Ex US equity	13,211,783	13,734,080
Global equity	8,897,398	7,586,077
US equity	11,105,199	9,924,038
Private equity		
Global opportunities	5,237,961	4,799,300
Private investments		
Secondaries	1,324,849	727,576
Commodities		
Commodities	1,952,057	1,428,602
	<u>\$ 52,926,534</u>	<u>\$ 51,353,522</u>

Investment returns for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Realized and unrealized gains and losses, net	\$ 4,673,955	\$ 5,123,453
Interest and dividends	1,099,189	514,412
	<u>\$ 5,773,144</u>	<u>\$ 5,637,865</u>

Unrealized gains (losses) on investments all relate to assets still held at June 30, 2018 and 2017, and are included in the lines realized and unrealized gains and losses on investments in the consolidated statement of activities for the years ended June 30, 2018 and 2017.

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Foundation has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Montana Community Foundation Notes to Consolidated Financial Statements

Note 4 – Investments and Fair Value Measurements (continued)

Changes in Level 3 assets measured at fair value for the period ended June 30, 2018 and 2017, were as follows:

	Private Investments		Private Equity		Beneficial Interest in Pooled Income Fund
	US Private Equity Energy	Distressed Securities	Global Opportunities	Commercial Real Estate	
Ending balance at June 30, 2016	\$ -	\$ -	\$ 850,164	\$ 94,697	\$ 625,489
Total realized gains			-	-	-
Total realized losses	-	-	-	(19,924)	-
Total unrealized gains	-	-	400,888	-	-
Purchases	32,530	2,615	-	-	-
Sales	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	(593,484)	-	(30,535)
Present value adjustment	-	-	-	-	(83,278)
Ending balance at June 30, 2017	32,530	2,615	657,568	74,773	511,676
Total realized gains			-	-	-
Total realized losses	-	-	-	-	-
Total unrealized gains (losses)	(8,711)	70,960	184,242	(44,878)	-
Purchases	71,327	71,587	556,958	-	-
Sales	-	-	-	-	-
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Present value adjustment	-	-	-	-	(128,638)
Ending balance at June 30, 2018	<u>\$ 95,146</u>	<u>\$ 145,162</u>	<u>\$ 1,398,768</u>	<u>\$ 29,895</u>	<u>\$ 383,038</u>

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 4 – Investments and Fair Value Measurements (continued)

Redemption, funding commitments, restrictions, and other information associated with the nature and valuation of applicable investment are as follows:

	Fair Value at June 30, 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Strategies and Other Restrictions
Hedge fund investments					
Equity long/short	\$ 2,892,042	\$ -	Daily to quarterly	1-45 days	(1)
Diversifying strategy	6,184,701	-	Quarterly	45 - 90 days	(1)
Growth strategy	2,120,544	-	Annually	90 days	(1)
Total hedge fund investments	11,197,287	-			
Public Equity					
Cash management	2,513,214	-	Daily	1 day	(2)
Developed Ex US Equity	13,211,783	-	Monthly	31 days	(2)
Global equity	8,897,398	-	Daily - Quarterly	1 - 31 days	(2)
US Equity	11,105,199	-	Monthly	31 days	(2)
Total public equity investments	35,727,594	-			
Private equity					
Global opportunities	6,636,729	725,450	Quarterly to Illiquid	30 days to Illiquid	(3)
Commercial real estate	29,895	56,780	Illiquid for 3 years	n/a	(3)
Total private equity	6,666,624	782,230			
Private Investments					
Natural resources	95,146	396,143	Illiquid	n/a	(3)
Opportunistic	1,214,404	1,581,566	Illiquid	n/a	(3)
Diversifiers	145,162	1,425,798	Illiquid	n/a	(3)
Private equity	85,137	896,486	Illiquid	n/a	(3)
Venture capital	25,308	733,500	Illiquid	n/a	(3)
Total public equity investments	1,565,157	5,033,493			
Nonredeemable securities					
Commodities	1,952,057	-	Daily	1 day	(4)
Total commodities	1,952,057	-			
Total	\$ 57,108,719	\$ 5,815,723			

- (1.) Hedge funds include investment vehicles and accounts that typically invest primarily in publicly-traded securities using strategies such as long/short equity, market neutral equity, long/short credit, global macro, and managed futures. Hedge Fund investments serve as a means to mitigate equity risk and provide diversified returns.
- (2.) Public equities include investment vehicles or accounts that typically use long-only or long-biased strategies, including long-biased long/short strategies, to invest primarily in publicly-traded securities. Public equity investments serve as a means to generate asset growth.
- (3.) Private investments and equities include investment vehicles and accounts that typically invest in securities acquired through private transactions. Typical strategies include venture capital, private equity, natural resources private equity, and real estate. Private investments serve as a means to enhance asset growth.
- (4.) Commodities include long-only commodity futures strategy to serve as a spending source during periods of inflation.

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 5 – Long-Term Debt

33 S. Last Chance Gulch, LLC purchased a building for \$2,150,000 in October 2016 and was funded with a \$1,720,000 ten-year loan at 4.25% and additional down payment made from available board discretionary unrestricted funds. The loan is collateralized by the building and guaranteed by the Foundation. The loan requires monthly principal and interest payments of \$9,320 with a balloon payment at maturity on October 3, 2026.

The following schedule presents the minimum principal payments due in future years:

2019	\$	42,595
2020		44,053
2021		46,149
2022		48,149
2023		50,235
Thereafter		<u>1,422,126</u>
Total principal payments	\$	<u><u>1,653,307</u></u>

Note 6 – Planned Gifts

The Foundation's irrevocable interest in gift annuities, charitable remainder trusts, life insurance policies, and pooled income funds (which are a portion of the total permanently restricted net assets) had the following changes during the years ended June 30:

	<u>2018</u>	<u>2017</u>
Permanent net assets, balance beginning of year	\$ <u>7,600,536</u>	\$ <u>6,431,532</u>
Contributions	2,124,826	1,465,079
Interest and dividends	120,441	48,841
Realized/unrealized gains, net	644,236	653,409
Change in value of planned gift liability	<u>325,412</u>	<u>104,921</u>
Total income	<u>3,214,915</u>	<u>2,272,250</u>
Payments to income beneficiaries	194,502	195,161
Termination/maturity of planned gifts	1,018,074	770,699
Administrative fees	100,601	79,597
Investment management fees	<u>412,122</u>	<u>57,789</u>
Total expense	<u>1,725,299</u>	<u>1,103,246</u>
Permanent net assets, balance end of year	<u><u>\$ 9,090,152</u></u>	<u><u>\$ 7,600,536</u></u>

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 7 – Funds Held as Agency Endowments

The following is a reconciliation of changes in funds held as agency endowments during the years ended June 30:

	<u>2018</u>	<u>2017</u>
Balance beginning of year	\$ 9,790,275	\$ 8,881,999
Contributions	557,885	667,384
Interest and dividends	120,971	50,945
Realized/unrealized gains, net	689,604	711,269
Total income	<u>1,368,460</u>	<u>1,429,598</u>
Distributions of earnings	398,805	382,701
Administrative fees	110,763	97,675
Investment management fees	34,626	30,851
Transfer of assets under management	6,312	10,095
Total expense	<u>550,506</u>	<u>521,322</u>
Balance end of year	<u>\$ 10,608,229</u>	<u>\$ 9,790,275</u>

Note 8 – Administrative and Investment Fees

The Foundation charges administrative fees for its services and for the professional management of assets. For the years ended June 30, those amounts were charged as follows:

	<u>2018</u>	<u>2017</u>
Permanent and temporary funds	\$ 1,131,008	\$ 858,478
Planned gifts	100,601	79,597
Agency funds	110,763	97,675
	<u>\$ 1,342,372</u>	<u>\$ 1,035,750</u>

Fees charged to agency funds and charges for services were reported as administrative fee revenue in the consolidated statement of activities. Fees charged to planned gifts were reflected in the change in value of planned gift liabilities in the consolidated statement of activities. Amounts for fees charged to permanent endowment and temporary special projects funds were released from restriction to cover administrative expenses and are part of the total net assets released from restriction in the consolidated statement of activities.

Montana Community Foundation
Notes to Consolidated Financial Statements

Note 9 – Net Assets Released from Restriction

As restrictions are met, assets are released and reclassified from temporarily restricted assets to unrestricted assets. The released assets are used for grant making and the payment of administrative and investment management fees. Uses of released net assets were as follows for the years ended June 30:

	2018	2017
Payment of grants	\$ 2,532,864	\$ 1,623,382
Payment of intrafund grants	290,277	357,546
Payment of administrative and investment manager fees	1,238,602	1,055,717
Annual endowment distributions	1,232,667	1,194,425
Endowment expenses	12,572	2,968
Special projects expenses	140,818	114,245
	\$ 5,447,800	\$ 4,348,283

Note 10 – Grants

The Foundation supports charitable work by making grants, distributing earnings to nonprofits under agency agreements, and transferring distributable earnings among the Foundation's own funds. Under accounting principles generally accepted in the United States of America, distributions to nonprofits under agency agreements are recorded as reductions in funds held as agency endowments. Grants made from one Foundation fund to another are shown as intrafund grants. The following is summary of total charitable support as of the years ended June 30:

	2018	2017
Grants	\$ 3,768,003	\$ 2,818,667
Distributions to agencies	398,805	382,701
Intrafund grants to charitable funds	180,944	541,949
	\$ 4,347,752	\$ 3,743,317

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 11 – Endowment Funds

The Foundation has no Board-designated endowments as of June 30, 2018 and 2017. Donor restricted endowment net assets composition as of June 30 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2018	\$ (14,313)	\$ 11,910,266	\$ 58,579,423	\$ 70,475,376
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2017	\$ (19,844)	\$ 10,487,086	\$ 50,641,906	\$ 61,109,148

Change in donor restricted endowment net assets for the fiscal years ended June 30:

	<u>June 30, 2018</u>			
	<u>Unrestricted Deficit in Endowment Assets</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2017	\$ (19,844)	\$ 10,487,086	\$ 50,641,906	\$ 61,109,148
Investment return				
Investment income	-	790,281	-	790,281
Net unrealized and realized gains/ losses	-	4,107,589	1,952	4,109,541
Change in deficit in endowments	5,531	(5,531)	-	-
Total investment return	5,531	4,892,339	1,952	4,899,822
Contributions	-	230,642	6,887,536	7,118,178
Termination/maturity of planned gifts	-	-	1,018,074	1,018,074
Intrafund grants to endowment funds	-	4,166	29,955	34,121
Transfers of assets under management	-	1,811	-	1,811
Appropriation for expenditure	-	(3,705,778)	-	(3,705,778)
Total contributions	-	(3,469,159)	7,935,565	4,466,406
Endowment net assets, June 30, 2018	\$ (14,313)	\$ 11,910,266	\$ 58,579,423	\$ 70,475,376

Montana Community Foundation
Notes to Consolidated Financial Statements

Note 11 – Endowment Funds (continued)

	June 30, 2017			
	Unrestricted Deficit in Endowment Assets	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2016	\$ (26,038)	\$ 8,601,441	\$ 46,933,773	\$ 55,509,176
Investment return				
Investment income	-	301,268	-	301,268
Net unrealized and realized gains/ losses	-	4,783,990	66,953	4,850,943
Change in deficit in endowments	6,194	(6,194)	-	-
Total investment return	6,194	5,079,064	66,953	5,152,211
Contributions	-	316,623	2,944,912	3,261,535
Termination/maturity of planned gifts	-	-	690,002	690,002
Intrafund grants to endowment funds	-	6,346	3,276	9,622
Transfers of assets under management	-	-	-	-
Adjustments to net assets	-	(2,990)	2,990	-
Appropriation for expenditure	-	(3,513,398)	-	(3,513,398)
Total contributions	-	(3,193,419)	3,641,180	447,761
Endowment net assets, June 30, 2017	\$ (19,844)	\$ 10,487,086	\$ 50,641,906	\$ 61,109,148

Note 12 – Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

	2018	2017
Temporarily restricted net assets		
Special projects	\$ 4,181,184	\$ 4,137,771
Unappropriated earnings	11,910,266	10,487,086
	\$ 16,091,450	\$ 14,624,857

Montana Community Foundation

Notes to Consolidated Financial Statements

Note 12 – Net Assets (continued)

Permanently restricted net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Endowments	\$ 58,579,423	\$ 50,641,906
Irrevocable planned gifts	<u>9,090,152</u>	<u>7,600,536</u>
	<u>\$ 67,669,575</u>	<u>\$ 58,242,442</u>

Note 13 – Retirement Plan

The Foundation has established a simplified employee pension plan for employees. The Foundation contributes up to 6% of the participants' annual salaries per year. The Foundation's pension plan expense was \$62,696 and \$51,279 for the years ended June 30, 2018 and 2017, respectively.

Note 14 – Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Building	\$ 2,367,623	\$ 2,367,623
Computer	22,615	22,615
Computer software	140,637	140,637
Furniture and fixtures	2,590	2,590
Office equipment	<u>14,217</u>	<u>14,217</u>
	2,547,682	2,547,682
Less accumulated depreciation	<u>254,901</u>	<u>156,391</u>
	<u>\$ 2,292,781</u>	<u>\$ 2,391,291</u>

Depreciation expense for financial statement purposes was \$98,510 and \$49,655 for the years ended June 30, 2018 and 2017, respectively.

Note 15 – Transfer of Assets under Management

In fiscal 2018 and 2017, the Foundation transferred charitable assets to other organizations totaling \$1,811 and \$47,507, respectively, which is shown as a reduction in the net asset category in which the funds were held.

Supplementary Information

Montana Community Foundation Consolidating Schedule of Financial Position

ASSETS				
June 30, 2018				
	MCF	33 S LCG	Eliminating Entries	Total
ASSETS				
Cash and cash equivalents	\$ 2,352,896	\$ 170,250	\$ -	\$ 2,523,146
Accrued interest receivable	60,821	-	(11,175)	49,646
Prepaid expenses and other	107,976	-	-	107,976
Beneficial interest in pooled income fund	383,038	-	-	383,038
Pooled investments	94,910,771	-	-	94,910,771
Cash surrender value of life insurance	268,686	-	-	268,686
Net property and equipment	31,658	2,261,123	-	2,292,781
	<u>\$ 98,115,846</u>	<u>\$ 2,431,373</u>	<u>\$ (11,175)</u>	<u>\$ 100,536,044</u>
Total assets				
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 96,269	\$ 1,627	\$ -	\$ 97,896
Accrued expenses	103,078	11,175	(11,175)	103,078
Other current liabilities	29,620	-	-	29,620
Due to/from	(918,488)	918,488	-	-
Grants and distributions payable	1,115,753	-	-	1,115,753
Planned gift liabilities	3,078,137	-	-	3,078,137
Long-term debt	-	1,653,307	-	1,653,307
Funds held as agency endowments	10,608,229	-	-	10,608,229
	<u>14,112,598</u>	<u>2,584,597</u>	<u>(11,175)</u>	<u>16,686,020</u>
Total liabilities				
NET ASSETS				
Unrestricted net assets				
Unrestricted - for operating purposes	256,536	(153,224)	-	103,312
Unrestricted - deficit in endowment assets	(14,313)	-	-	(14,313)
	<u>242,223</u>	<u>(153,224)</u>	<u>-</u>	<u>88,999</u>
Total unrestricted net assets				
Temporarily restricted net assets	16,091,450	-	-	16,091,450
Permanently restricted net assets	67,669,575	-	-	67,669,575
	<u>84,003,248</u>	<u>(153,224)</u>	<u>-</u>	<u>83,850,024</u>
Total net assets				
Total liabilities and net assets	<u>\$ 98,115,846</u>	<u>\$ 2,431,373</u>	<u>\$ (11,175)</u>	<u>\$ 100,536,044</u>

Montana Community Foundation

Consolidating Schedule of Activities

	Year Ended June 30, 2018						
	MCF Unrestricted	33 S LCG	Eliminating Entries	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE							
Contributions							
Contributions	\$ 100,255	\$ -	\$ -	\$ 100,255	\$ 1,929,652	\$ 8,956,938	\$ 10,986,845
Intrafund grants from charitable funds	139,214	-	-	139,214	17,976	23,704	180,894
Total contributions	239,469	-	-	239,469	1,947,628	8,980,642	11,167,739
Revenue and other additions							
Administrative fees	351,616	-	-	351,616	-	-	351,616
Interest and dividends	109,250	-	(28,267)	80,983	917,185	101,021	1,099,189
Realized and unrealized gains (losses) on investments	(29,155)	-	-	(29,155)	4,056,922	646,188	4,673,955
Change in deficit in endowments pooled income fund	5,531	-	-	5,531	(5,531)	-	-
Change in value of planned gift liabilities	-	-	-	-	-	(128,638)	(128,638)
Rental and other income	-	272,560	(53,442)	219,118	-	(172,080)	(172,080)
Total revenue and other additions	437,242	272,560	(81,709)	628,093	4,968,576	446,491	6,043,160
Net assets released from restrictions	5,447,800	-	-	5,447,800	(5,447,800)	-	-
Total support, revenue, other additions, and net assets released from restrictions	6,124,511	272,560	(81,709)	6,315,362	1,468,404	9,427,133	17,210,899
EXPENSES							
Grants and philanthropic distributions							
Grants	3,768,003	-	-	3,768,003	-	-	3,768,003
Intrafund grants to charitable funds	180,944	-	-	180,944	-	-	180,944
Transfer of assets under management	-	-	-	-	1,811	-	1,811
Total grant and philanthropic distributions	3,948,947	-	-	3,948,947	1,811	-	3,950,758
Endowment expenses							
Investment fees	224,742	-	-	224,742	-	-	224,742
Total endowment expenses	224,742	-	-	224,742	-	-	224,742
Operating and administrative expenses							
General and administrative	920,295	302,078	(81,709)	1,140,664	-	-	1,140,664
Development and fund-raising	513,217	-	-	513,217	-	-	513,217
Program support	652,731	-	-	652,731	-	-	652,731
Total operating and administrative expenses	2,086,243	302,078	(81,709)	2,306,612	-	-	2,306,612
Total expenses	6,259,932	302,078	(81,709)	6,480,301	1,811	-	6,482,112
Adjustments to net assets	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(135,421)	(29,518)	-	(164,939)	1,466,593	9,427,133	10,728,787
NET ASSETS, beginning of year	377,644	(123,706)	-	253,938	14,624,857	58,242,442	73,121,237
NET ASSETS, end of year	\$ 242,223	\$ (153,224)	\$ -	\$ 88,999	\$ 16,091,450	\$ 67,669,575	\$ 83,850,024