UNIVERSITY OF MONTANA FOUNDATION

AUDITED FINANCIALS

JUNE 30, 2023

UNIVERSITY OF
MONTANA
FOUNDATION

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Audit Committee
Board of Trustees
University of Montana Foundation
Missoula, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of University of Montana Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Montana Foundation as of June 30, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University of Montana 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.

Change in Accounting

As discussed in Note 1 to the financial statements, the University of Montana Foundation adopted new accounting guidance for leases in the year ended June 30, 2023. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 University of Montana Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Audit Committee
Board of Trustees
University of Montana Foundation

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

Disclaimer of Opinion on Management's Discussion and Analysis

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Management's Discussion and Analysis, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 16, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

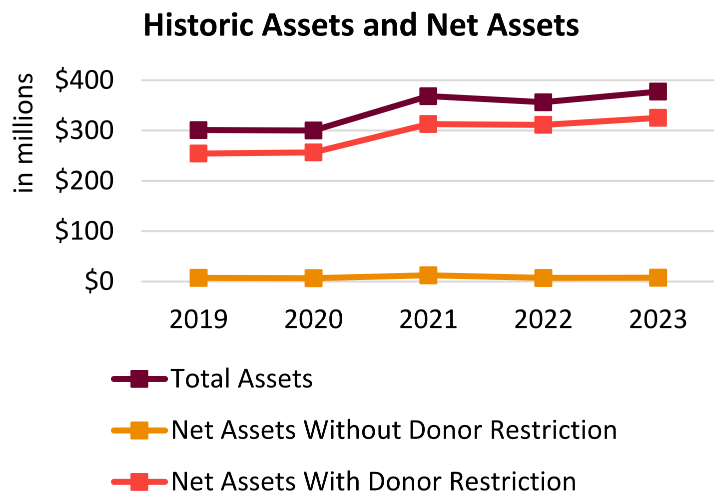
Overview

The following discussion and analysis presents an overview of the financial performance of the University of Montana Foundation (Foundation) for the five years ended June 30, 2023. It should be read in conjunction with the related financial statements and footnotes. The financial statements, footnotes, and this discussion and analysis were prepared by management and are the responsibility of management.

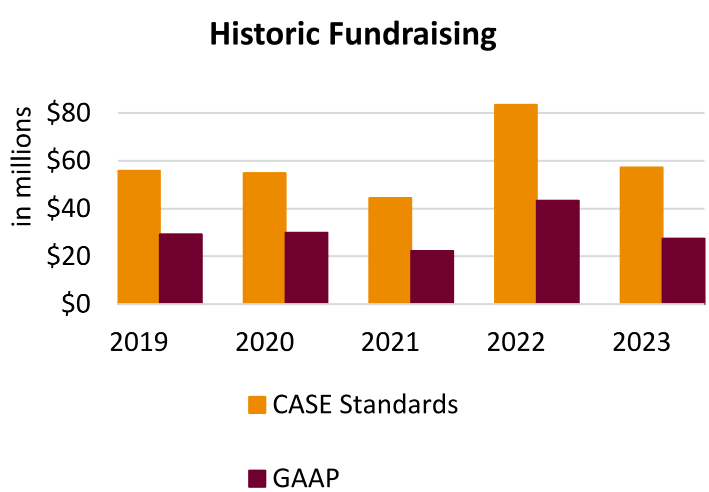
The mission of the Foundation is to inspire philanthropic support to enhance excellence and opportunity at the University of Montana (University). The Foundation was established in 1950 as a 501(c) (3) organization.

Assets and Net Assets

At June 30, 2023, the Foundation's total assets amounted to $377.6 million. Foundation assets consist primarily of long-term investments and contributions receivable. Investments make up approximately 90% of total assets.



The Foundation classifies net assets as without donor restriction and with donor restriction in accordance with donor stipulations and time restrictions. The majority of the Foundation's assets are with donor restriction. Net assets not subject to donor-imposed stipulations are available for internal Foundation operations. Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions. Spending allocations from these perpetually restricted assets are made available to the University quarterly or annually. The Foundation also holds assets on behalf of other entities affiliated with the University; these assets are known as custodial funds.



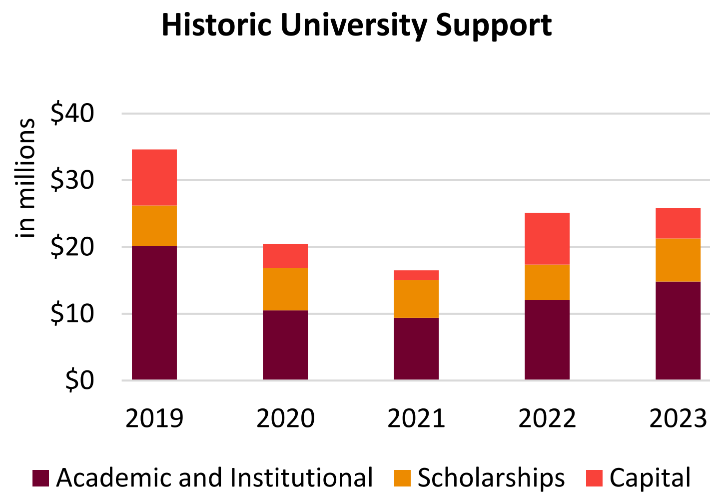
Fundraising

The Foundation reports on fundraising in two ways. The financial statements reflect contributions according to generally accepted accounting principles (GAAP). GAAP does not recognize conditional contributions or bequest contributions as revenue until the condition is met or until the bequest is realized. Under GAAP, in fiscal year 2023, the Foundation recognized $27 million in contributions.

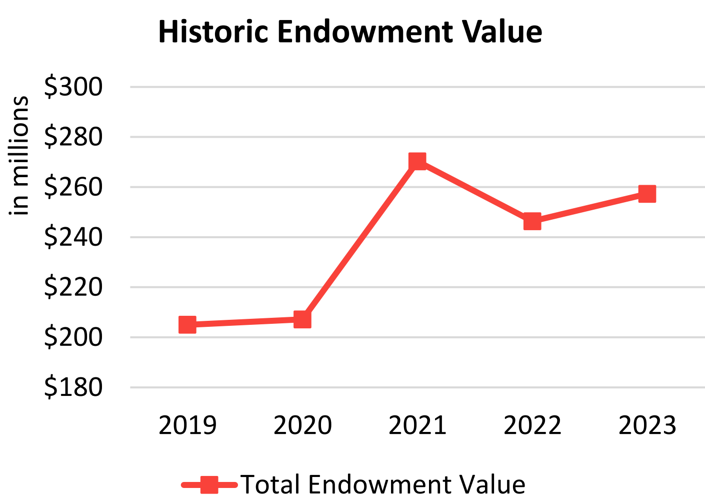
The Foundation also reports its annual fundraising totals using standards published by the Council for Advancement and Support of Education (CASE). CASE allows conditional and bequest contributions to be counted in fundraising totals. CASE also allows for all direct private support to be included in fundraising totals; this would include any private support received directly by the University. Using this broader definition, the Foundation raised approximately $57 and

$83 million in contributions in fiscal years 2023 and 2022, respectively.

In fiscal year 2023, approximately 63% of the fundraising total was directed towards academic and institutional support for the University, 20% for scholarships, and 17% directed towards capital expenditures.



University Support
In fiscal year 2023, the Foundation provided $25.8 million in support to the University. Support includes student scholarships, faculty salaries, capital projects, and other expenditures that intend to further the mission of the University. Of note, academic and institutional support for 2019 includes a generous donation of art. Scholarship support has remained consistent throughout the five-year period. Capital support can vary significantly from year to year as building projects on campus can fluctuate greatly. Capital expenses over the past five years included the expansion and renovation of the Phyllis J. Washington College of Education building, the renovation of Eck Hall, the renovation of the Adams Center, the renovation of the Music building and the construction of the Montana Museum of Art and Culture.



UMF Endowments and Investment Return
The Foundation manages over one thousand endowed funds, valued at approximately $257 million at June 30, 2023, including thirty one funds valued at approximately $19 million managed on behalf of others.

Endowments managed by the Foundation are invested in a pooled investment portfolio. The following table depicts the annualized one-, three-, five-, and ten- year returns on this portfolio. In fiscal year 2023, the portfolio underperformed its policy return benchmark of 10.2%. The Foundation policy return benchmark consists of 55.0% MSCI AC World Index Net, 13.0% Bloomberg Barclays US Aggregate Bond Index, 10.0% HFRI FOF Conservative Index, 9.0% NCREIF ODCE, 7.0% ICE Bank of America Merrill Lynch Hi-Yield Master, and 6.0% S&P Global LargeMidCap Commodity and Resources Index.

	1 Year	3 Year	5 Year	10 Year
Endowment Portfolio	7.5%	9.4%	5.9%	6.1%
Policy Benchmark	10.2%	8.4%	5.9%	6.1%

STATEMENTS OF FINANCIAL POSITION

as of June 30, 2023 and 2022

		2023		2022
ASSETS				
Cash and cash equivalents	$	5,665,315	$	10,154,942
Accrued dividends and interest		423,679		336,508
Investments		340,873,308		316,764,385
Contributions receivable, net		12,318,856		15,656,754
Student loans and other receivables		303,920		261,507
Beneficial interests in trusts held by others		9,022,583		8,663,721
Fixed assets, net		405,907		455,394
Right-of-use asset		2,936,755		-
Property held for sale		1,300,000		1,300,000
Construction in process		3,084,512		1,546,074
Other assets		1,234,373		1,125,655
TOTAL ASSETS	$	377,569,208	$	356,264,940

		2023		2022
LIABILITIES AND NET ASSETS				
Payables and accrued expenses	$	4,160,007	$	1,879,386
Compensated absences		301,833		305,629
Lease liability		2,967,157		-
Liabilities to external beneficiaries		15,500,454		15,565,803
Deferred revenue		208,500		-
Custodial funds		21,587,692		20,232,365
TOTAL LIABILITIES		44,725,643		37,983,183
NET ASSETS				
Without donor restriction		7,497,380		6,996,119
With donor restriction		325,346,185		311,285,638
TOTAL NET ASSETS		332,843,565		318,281,757
TOTAL LIABILITIES AND NET ASSETS	$	377,569,208	$	356,264,940

STATEMENT OF ACTIVITIES

for the period ended as of June 30, 2023

	Without Donor Restrictions	With Donor Restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	$ 813,728	$ 25,965,289	$ 26,779,017
Contributed nonfinancial assets	-	666,233	666,233
Net gains (losses) on investments	1,849,159	15,891,007	17,740,166
Administrative fee	440,996	-	440,996
Contract for services	793,000	-	793,000
Net revaluation of trusts and split-interest agreements	(27,436)	759,369	731,933
Income from perpetual trusts	1,000	371,310	372,310
Other revenues	98,879	1,514,713	1,613,592
Net assets released from restrictions	31,107,374	(31,107,374)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	35,076,700	14,060,547	49,137,247
EXPENSES			
UNIVERSITY SUPPORT			
Academics and institutional	14,827,869	-	14,827,869
Capital expenses	4,538,993	-	4,538,993
Scholarships and awards	6,443,319	-	6,443,319
TOTAL UNIVERSITY SUPPORT	25,810,181	-	25,810,181
SUPPORTING SERVICES			
Fundraising	3,616,396	-	3,616,396
Administrative and general	5,148,862	-	5,148,862
TOTAL SUPPORTING SERVICES	8,765,258	-	8,765,258
TOTAL EXPENSES	34,575,439	-	34,575,439
CHANGE IN NET ASSETS	501,261	14,060,547	14,561,808
NET ASSETS BEGINNING OF YEAR	6,996,119	311,285,638	318,281,757
NET ASSETS END OF YEAR	$ 7,497,380	$ 325,346,185	$ 332,843,565

STATEMENT OF ACTIVITIES

for the period ended as of June 30, 2022

	Without Donor Restrictions	With Donor Restriction	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	$ 68,349	$ 43,215,884	$ 43,284,233
Contributed nonfinancial assets	4,540	2,016,640	2,021,180
Net gains (losses) on investments	(4,366,839)	(15,598,597)	(19,965,436)
Administrative fee	393,223	-	393,223
Contract for services	580,000	-	580,000
Net revaluation of trusts and split-interest agreements	(38,185)	(2,499,497)	(2,537,682)
Income from perpetual trusts	1,250	378,814	380,064
Other revenues	127,888	1,641,538	1,769,426
Net assets released from restrictions	30,670,991	(30,670,991)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	27,441,217	(1,516,209)	25,925,008
EXPENSES			
UNIVERSITY SUPPORT			
Academics and institutional	12,088,879	-	12,088,879
Capital expenses	7,736,338	-	7,736,338
Scholarships and awards	5,281,282	-	5,281,282
TOTAL UNIVERSITY SUPPORT	25,106,499	-	25,106,499
SUPPORTING SERVICES			
Fundraising	2,964,172	-	2,964,172
Administrative and general	4,787,251	-	4,787,251
TOTAL SUPPORTING SERVICES	7,751,423	-	7,751,423
TOTAL EXPENSES	32,857,922	-	32,857,922
CHANGE IN NET ASSETS	(5,416,705)	(1,516,209)	(6,932,914)
NET ASSETS BEGINNING OF YEAR	12,412,824	312,801,847	325,214,671
NET ASSETS END OF YEAR	$ 6,996,119	$ 311,285,638	$ 318,281,757

STATEMENT OF FUNCTIONAL EXPENSES

for the period ended as of June 30, 2023

	University Support	Fundraising	Administrative and General	Total
Direct University support	$ 25,081,276	$ -	$ -	$ 25,081,276
Bank and trust manager fees	-	-	68,388	68,388
Contracted services	20,000	579,236	209,772	809,008
Depreciation	-	-	109,984	109,984
In kind donations	665,983	-	-	665,983
Insurance	-	-	71,230	71,230
Lease	-	-	296,996	296,996
Other expenses	19,983	14,847	58,415	93,245
Printing and postage	-	44,303	68,922	113,225
Professional fees	-	3,036	154,402	157,438
Recruitment	-	1,659	33,888	35,547
Salaries and benefits	-	2,714,102	3,613,442	6,327,544
Software acquisition and maintenance	-	2,556	246,518	249,074
Special events and entertainment	10,814	22,362	98,742	131,918
Supplies and equipment	-	722	61,198	61,920
Telephone	-	29,264	21,322	50,586
Training and career development	12,125	128,723	24,488	165,336
Travel, meals and lodging	-	75,586	11,155	86,741
	$ 25,810,181	$ 3,616,396	$ 5,148,862	$ 34,575,439

STATEMENT OF FUNCTIONAL EXPENSES

for the period ended as of June 30, 2022

	University Support	Fundraising	Administrative and General	Total
Direct University support	$ 24,045,894	$ -	$ -	$ 24,045,894
Bank and trust manager fees	-	301	141,707	142,008
Contracted services	-	504,378	192,145	696,523
Depreciation	-	-	79,461	79,461
In kind donations	714,766	-	4,540	719,306
Insurance	-	-	38,712	38,712
Lease	-	-	266,593	266,593
Other expenses	14,038	5,390	76,559	95,987
Printing and postage	-	28,030	66,936	94,966
Professional fees	-	4,773	123,799	128,572
Recruitment	-	1,702	42,547	44,249
Salaries and benefits	-	2,251,693	3,133,004	5,384,697
Software acquisition and maintenance	-	1,543	345,104	346,647
Special events and entertainment	5,294	24,080	128,843	158,217
Supplies and equipment	326,209	2,863	47,900	376,972
Telephone	-	36,657	28,679	65,336
Training and career development	-	53,385	59,254	112,639
Travel, meals and lodging	298	49,377	11,468	61,143
	$ 25,106,499	$ 2,964,172	$ 4,787,251	$ 32,857,922

CASH FLOW STATEMENTS

for the period ended as of June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 14,561,808	$ (6,932,914)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Contributions restricted for investment in endowment	(4,507,836)	(11,247,897)
Contributions of investment securities	(2,155,278)	(7,462,577)
Net realized and unrealized losses (gains) on investments	(16,005,191)	20,759,035
Net realized and unrealized losses (gains) on custodial investments	(1,395,931)	1,310,052
Net revaluation of trusts and split-interest agreements	(761,242)	2,537,682
Contributions of trust and split interest agreements	(631,646)	(789,138)
Non-cash operating lease expense	30,402	-
Depreciation and amortization	109,984	79,461
Change in assets and liabilities:		
Accrued dividends and interest	(87,171)	(209,253)
Pledges receivable	3,337,898	4,487,829
Property held for sale	-	(1,300,000)
Other assets	(108,718)	170,925
Accounts payable and accrued liabilities	2,276,825	780,955
Deferred revenue	208,500	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(5,127,596)	2,184,160
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in short-term investments	-	4,836,861
Capital expenditures	(1,598,935)	(1,667,695)
Decrease (increase) in loans receivable	(42,413)	9,366
Purchases of securities	(136,729,167)	(261,741,126)
Proceeds from the sale of securities	134,158,609	248,841,670
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(4,211,906)	(9,720,924)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on amounts due beneficiaries	(1,013,288)	(1,165,933)
Contributions restricted for investment in endowment	4,507,836	11,247,897
Change in deposits held in custody	1,355,327	(2,727,987)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	4,849,875	7,353,977
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,489,627)	(182,787)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,154,942	10,337,729
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,665,315	$ 10,154,942
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY		
Contributions and pledge payments of investment securities	$ 2,155,278	$ 7,462,577
Donated material and equipment	$ 666,233	$ 2,021,180

The notes to the financial statements are an integral part of these statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
The University of Montana Foundation (Foundation) is a nonprofit corporation incorporated under the laws of Montana. The purpose of the Foundation is to promote and support the University of Montana (University). The activities of the Foundation include fundraising and administration of donated assets.

Basis of Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Classification of Net Assets
The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

The Foundation's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds, and its beneficial interests in perpetual charitable trusts held by bank trustees.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Foundation reports gifts of land or other real or personal property as without donor restriction unless explicit donor stipulations specify how the donated assets must be used.

Classification of Transactions - All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Custodial Funds
Net assets where the Foundation acts only as a custodian or agent are excluded from the statement of activities and are reported as a liability on the statement of financial position.

Cash and Cash Equivalents
The Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash funds on deposit with investment managers are excluded from cash and cash equivalents since they are restricted for investment use.

Short-Term Investments
The Foundation invests cash in excess of its immediate needs in certificates of deposit, U.S. Treasury securities, and obligations of federal agencies or affiliates. Short-term investments are carried at fair value, which approximates cost.

Investments
The Foundation has significant investments in stocks, bonds and alternative investments, and is therefore subject to the impact of material fluctuations on the market value of these investments. Investments are made primarily by investment managers engaged by the Foundation with the guidance of an investment consultant. The investments are monitored by management and the Investment Committee of the Board of Trustees. Though the market values of the investments are subject to fluctuation on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Foundation.

A significant portion of the investments are marketable debt and equity securities purchased through institutional mutual funds. Investments in marketable debt and equity securities are carried at fair value, determined primarily by quoted market prices. Increases or decreases in fair value are recognized in the current period as investment gains or losses.

The fair values of alternative investments publicly traded on national security exchanges are stated at their closing market prices as of June 30, 2023 and 2022. The fair values of alternative investments not publicly traded on national security exchanges represent the Foundation's pro-rata interest in the net assets of each investment partnership as provided by its managing partner. Because of inherent uncertainties in the valuation of these non-publicly traded alternative investments, those estimated fair values may differ materially from the values that might ultimately be realized.

Investment income is reported net of investment manager fees, which range from .1% to 2% of investment value.

At June 30, 2023 and 2022 investments totaling $20,887,115 and $20,832,841, respectively, relate to split-interest agreements.

Split-Interest Agreements
The Foundation's split-interest agreements consist principally of charitable gift annuities and irrevocable charitable remainder trusts for which the Foundation serves as trustee. Contribution revenue is recognized at the date a gift annuity or trust is established after recording a liability at fair value of the estimated future payments to be made to beneficiaries. Estimated future payments to beneficiaries are discounted at a risk-adjusted rate. Liabilities are adjusted during the terms of the agreements to reflect payments to beneficiaries, returns on trust assets, accretion of discounts, and other considerations that affect the estimates of future payments. Net adjustments to the liabilities are recorded as net revaluation of trusts and split-interest agreements.

Beneficial Interests in Trusts Held by Others
The Foundation is the irrevocable beneficiary for several perpetual charitable trusts held by various bank trustees. The beneficial interests in these trusts is reported at their fair value, which is estimated as the fair value of the underlying trust

assets. Distributions from the trust assets are restricted to use for either scholarships or academic and institutional support and are reported as income from perpetual trusts. The value of the beneficial interests in these trusts is adjusted annually for the change in its estimated fair value. Those changes in value are reported as increases in net assets with donor restrictions, because the trust assets will never be distributed to the Foundation.

Contributions and Contributions Receivable

Gifts and pledges that represent unconditional promises to give are recorded when received or made, respectively. Contributions are reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges are recorded net of an allowance for risk associated with collectability. The estimated allowance for uncollectible pledges is based on the Foundation's historical collection percentages. Pledges that will be paid over periods in excess of one year are discounted to present value at U.S. Treasury note interest rates.

The Foundation is a beneficiary under several donors' wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and a final accounting for the estate is provided.

Contributed Assets and Donated Services

Assets donated to the Foundation are recorded at their fair value as of the date of the gift. No amounts have been reflected in the statements for donated services because they do not meet the criteria to record under GAAP.

Fixed Assets

Depreciable assets consist of office furniture and equipment, computer equipment, and leasehold improvements. Items are stated at cost (or original fair value if contributed) and depreciation is charged on a straight-line basis over estimated useful lives of five to twenty years. Capital assets purchased on behalf of the University are classified as expenses by the Foundation since the University assumes control immediately after purchase. Repair and maintenance costs are expensed as incurred and betterments in excess of $5,000 are capitalized.

Other Assets

Real property investments and other assets are reported at the lower of the appraised value at the time of donation or the estimated fair value.

Deferred Revenue

Funds received in advance of services rendered are reported as deferred revenue.

Fees

During 2023 and 2022 the annual administrative fee on pooled investments was 1.93% and 2.0%, respectively, of the of the average unit value for the preceding twelve quarters multiplied by the number of units held by an individual endowed fund.

The Foundation assesses a one-time development fee on current gifts. Gifts secured through the phonathon are assessed a one-time fee of 15%. Proceeds from the sale of real property are assessed a one-time fee of 10%. All other outright non-scholarship, non-endowed gifts, and realized bequests were assessed a one-time fee of 5% in 2023 and 6% in 2022. Total fees in 2023 and 2022 were $4,869,837 and $5,533,956, respectively.

Advertising Costs

Advertising costs, which relate principally to fundraising activities, are expensed as incurred and totaled $4,170 and $4,855 for 2023 and 2022, respectively.

Functional Expense Allocations
For most expenses, the Foundation can directly identify the appropriate functional expense category to assign. However, these financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. For the few expenses where direct identification is not possible, the Foundation allocates costs between fundraising and administrative and general based on the number of full-time equivalents in each area. The expenses that are allocated based on this method include telephone and postage.

Income Taxes
The Foundation is exempt from state and federal income taxes under Internal Revenue Code Section 501(c) (3). With few exceptions, the Foundation is no longer subject to examinations by tax authorities for years before 2019.

Recently Adopted Accounting Pronouncements
On July 1, 2022, the Foundation adopted the Financial Accounting Standards Board's (the "FASB") Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"), and additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, the "new leases standard"), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. The Foundation adopted the new leases standard utilizing the modified retrospective transition method, under which amounts in prior periods presented were not restated.

Reclassifications
Certain prior period amounts in the financial statements and accompanying notes have been reclassified to conform to the current period's presentation.

Subsequent Events
Management has evaluated subsequent events through November 16, 2023, the date which the financial statements were available for issue.

2. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows at June 30:

		2023		2022
Cash	$	3,813,204	$	7,659,211
Cash to be received (invested)		1,852,111		2,495,731
Total cash and cash equivalents	$	5,665,315	$	10,154,942

At June 30, 2023 and 2022, bank balances for these accounts exceeded insured limits by $5,415,296 and $6,951,189, respectively. The Foundation invests available cash in bank repurchase agreements, which are backed by U.S. Government and U.S. Government Agency Securities.

In accordance with GAAP, cash to be invested in endowment investments is considered investments when received and is reflected in these statements as such.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation regularly monitors the liquidity required for its operating and programmatic needs while also striving to maximize the investment of its available funds. It is the Foundation's policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation considers all expenditures related to ongoing fundraising operations and programmatic support of the University to be general expenditures. As such, donor restricted assets that can be used within one year are not excluded in determining the financial assets that are available to meet cash needs for general expenditures within one year.

The following financial assets are considered unavailable for general expenditure within one year: assets that are illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of the appropriations that will be made available within one year, and board designated endowments. The following table reflects the Foundation's financial assets available for general expenditure within one year as of June 30, 2023 and 2022, respectively. Spending and fees from the Endowment Portfolio are described in footnotes one and six of these financial statements and are shown in the following tables as Appropriations from Endowment Portfolio.

		2023		2022
Cash and cash equivalents	$	2,875,537	$	8,045,347
Accrued dividends and interest		423,679		328,820
Appropriations from endowment		13,282,737		14,283,579
Contributions receivable		4,085,213		5,049,512
Other receivables or assets		36,498		5,876
Total available in one year	$	20,703,664	$	27,713,134

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable in excess of one year are discounted to their net present value using a discount rate based on the three-year U.S. Treasury note rate at the time of contribution (the discount rates used varied between 0.18% and 4.49%). The schedule of payments is as follows at June 30:

At June 30, 2023 and 2022 the Foundation had contributions receivable from two donors which represented 32% and 34%, respectively, of total gross contributions receivable.

		2023		2022
In one year or less	$	5,337,186	$	6,232,241
Between one and five years		8,659,882		10,751,672
Less: discount and allowance for uncollectible pledges		(1,678,212)		(1,327,159)
Contributions receivable, net	$	12,318,856	$	15,656,754

Conditional promises to give are not presented in the financial statements and represent revocable gifts contingent upon meeting certain conditions. As of June 30, 2023, conditional promises to give were valued at approximately $1 million. There were no conditional promises to give as of June 30, 2022.

5. FAIR VALUE MEASUREMENT

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy, which prioritizes the valuation of inputs into three broad levels, as described below:

Level 1—Quoted prices in active markets as of the measurement date.

Level 2—Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability.

Level 3—Significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

There are three general valuation techniques that may be used to measure fair value, as described below:

Market Approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Cost Approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income Approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Investments are stated at fair value, determined based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Cost is determined using the specific identification method. The Foundation determined the fair value of its marketable securities through the application of GAAP.

As required by GAAP, investments are classified within the level of lowest significant input considered in determining fair value. Investments classified within Level 3 whose fair value measurement considers several inputs may include Level 1 or Level 2 inputs as components of the overall fair value measurement.

The following is a description of the valuation methodology used for assets measured at fair value:

Fair value for the hedge funds aggregate values reported by each underlying fund as reported to the Foundation on a monthly basis are based on net asset value.

Alternative investments include holdings in twenty-three and twenty “fund of funds” as of June 30, 2023 and 2022, respectively. Each “fund of funds” is structured as a limited partnership that in turn invests in a portfolio of underlying partnerships most of which make and hold investments in privately owned companies. These underlying investments as well as the limited partnerships holding them are illiquid investments with values periodically determined by each managing partner and are based on net asset value.

Fair value for equities is based on an independent appraised value of the held shares each quarter.

Fair value for real estate is based on an independent appraisal of the real estate at the date contributed to the Foundation.

Beneficial interests in perpetual trust assets are valued at the current fair value of the underlying assets using observable market inputs based on its beneficial interest in the trust. The assets are categorized as Level 3. The primary unobservable inputs used in the fair value measurement of the perpetual trust assets are the underlying securities held by the trust that are outside of the control and management of the Foundation.

The following table is a summary of the levels within the fair value hierarchy for those investment assets and liabilities subject to fair value measurement as of June 30, 2023:

	Level 1	Level 2	Level 3	At NAV	Total
Cash and cash equivalents	$ 4,577,416	$ -	$ -	$ -	$ 4,577,416
Equities	13,768,414	-	-	-	13,768,414
Fixed income	14,354,279	29,666,439	-	-	44,020,718
Real assets	3,009,752	-	-	-	3,009,752
U.S. government securities	-	21,898,420	-	-	21,898,420
Alternative investments					
Equities	-	-	-	144,111,571	144,111,571
Diversifying strategies	-	-	-	25,411,780	25,411,780
Fixed income	-	-	-	45,168,177	45,168,177
Real assets	-	-	-	38,907,060	38,907,060
Total investments	35,709,861	51,564,859	-	253,598,588	340,873,308
Beneficial interests in trusts	-	-	9,022,583	-	9,022,583
Total	$ 35,709,861	$ 51,564,859	$ 9,022,583	$253,598,588	$349,895,891

The following table is a summary of the levels within the fair value hierarchy for those investment assets and liabilities subject to fair value measurement as of June 30, 2022:

	Level 1	Level 2	Level 3	At NAV	Total
Cash and short-term investme	$ 4,816,909	$ -	$ -	$ -	$ 4,816,909
Equities	13,720,404	-	-	-	13,720,404
Fixed income	6,434,906	23,871,176	-	-	30,306,082
Real assets	3,137,183	-	-	-	3,137,183
U.S. government securities	-	22,256,166	-	-	22,256,166
Alternative investments					
Equities	-	-	-	133,730,034	133,730,034
Fixed income	-	-	-	43,369,348	43,369,348
Real assets	-	-	-	38,111,305	38,111,305
Diversifying strategies	-	-	-	27,316,954	27,316,954
Total investments	28,109,402	46,127,342	-	242,527,641	316,764,385
Beneficial interests in trusts	-	-	8,663,721	-	8,663,721
Total	$ 28,109,402	$ 46,127,342	$ 8,663,721	$242,527,641	$325,428,106

The following is a summarization of the Level 3 significant unobservable inputs:

Instrument	2023	2022	Valuation Technique	Unobservable Inputs
Beneficial interest in trusts	$ 9,022,583	$ 8,663,721	FMV of trust instruments	Value of underlying assets

Changes in assets for which fair value is measured based on Level 3 inputs are summarized below for the years ended June 30, 2023 and 2022:

Beneficial Interest (Level 3)		2023		2022
Balance, Beginning of Year	$	8,663,721	$	9,986,212
New beneficial interest		-		-
Net (loss)/gain, realized and unrealized		731,172		(942,427)
Maturities		(372,310)		(380,064)
Balance, End of Year	$	9,022,583	$	8,663,721

The investments that are valued using net asset values calculated by the investment managers are subject to capital calls and specific redemption terms as detailed in the table below as of June 30, 2023.

Security Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity	$ 115,259,715		Daily to monthly	1 to 30 days
Equity	28,851,856	46,819,938	Annual to not liquid	N/A
Fixed income	31,172,616		Daily to monthly	1 to 90 days
Fixed income	13,995,561	10,863,373	Not liquid	N/A
Real assets	10,097,190		Daily to monthly	1 to 30 days
Real assets	7,441,525		Quarterly	120 days
Real assets	21,368,345	20,474,047	Not liquid	N/A
Diversifying strategies	25,411,780		Quarterly	95 days
Total	$ 253,598,588	$ 78,157,358		

The investments that are valued using net asset values calculated by the investment managers are subject to capital calls and specific redemption terms as detailed in the table below as of June 30, 2022.

Security Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity	$ 111,282,610	$ -	Daily	1 to 5 business days
Equity	22,447,424	45,136,791	Annual to not liquid	N/A
Fixed income	29,612,359	-	Daily to quarterly	1 to 90 business days
Fixed income	13,756,989	5,862,119	Not liquid	N/A
Real assets	12,109,996	-	Daily	5 business days
Real assets	7,877,192	-	Quarterly	120 days
Real assets	18,124,117	19,867,112	Not liquid	N/A
Diversifying strategies	27,316,954	-	Quarterly to semi-annual	65-95 days
Total	$ 242,527,641	$ 70,866,022		

The following describes each of the security types reported at net asset value:

Equity – This category includes direct investments in private equity funds, generally through limited partnerships, which invest in private companies, private debt, intellectual property, structured products, and special situations. The fair values of these investments have been estimated using the percentage share of the Foundation's ownership interest in partner's capital. Distributions from each fund are received when the underlying investments in the funds create distributable cash flow and when underlying investments are liquidated. These funds have various redemption and notice of redemption requirements that limit the ability to liquidate them in a short period of time. It is estimated that the majority of underlying assets of the fund will be liquidated over the next 1 to 10 years.

Fixed Income – This category includes direct investments in private funds that invest in debt securities. The fair values of these investments have been estimated using the percentage share of the Foundation's ownership interest in partner's capital. Distributions from each fund are received when the underlying investments in the funds create distributable cash flow and when underlying investments are liquidated. These funds have various redemption and notice of redemption requirements that limit the ability to liquidate them in a short period of time. It is estimated that the majority of underlying assets of the fund will be liquidated over the next 1 to 10 years.

Real Assets – This category includes direct investments in private funds that invest in natural resource, real estate and infrastructure securities. The fair values of these investments have been estimated using the percentage share of the Foundation's ownership interest in partner's capital. Distributions from each fund are received when the underlying investments in the funds create distributable cash flow and when underlying investments are liquidated. These funds have various redemption and notice of redemption requirements that limit the ability to liquidate them in a short period of time. It is estimated that the majority of underlying assets of the fund will be liquidated over the next 1 to 10 years.

Diversifying Strategies – This category includes investments in hedge funds that invest in equity, debt, structured products, and derivative securities. The managers of these funds have the flexibility to change their exposure based on their view of particular securities and the overall market. The strategies of these funds include event-driven, relative value, arbitrage, and directional strategies. These funds have various redemption and notice of redemption requirements that limit the ability to liquidate them in a short period of time. It is estimated that the majority of underlying assets of the fund will be liquidated over the next 1 to 10 years.

6. ENDOWMENTS MANAGED UNDER UPMIFA

The state of Montana enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective June 30, 2009. UPMIFA establishes law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the Foundation. In addition, most donor restricted endowment funds are subject to restrictions on the use of the appropriated amounts. Note 12 describes the purposes for which donor-restricted endowments may be used. Donor-restricted endowment funds are classified as net assets with donor restrictions.

UPMIFA permits the Foundation to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making its determination to appropriate or accumulate, the Foundation must act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and it must consider, if relevant, the following factors:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation or deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 4.25% of the average unit value for the preceding twelve quarters multiplied by the number of units held by an individual endowed fund. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow.

The Board of Trustees of the Foundation has interpreted 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. The original gift is defined by the Foundation as (a) the original value of gifts donated to all donor-restricted endowments, (b) the original value of any subsequent gifts to donor-restricted endowments, and (c) the original value of accumulations to donor-restricted endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. As a result of this interpretation, if the value of a donor-restricted endowment fund falls below 90% of its original gift, the Board of Directors will cease applying the spending rate to the fund until its value exceeds the original gift.

Endowment Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. On June 30, 2023, funds with original gift values of $43,631,834, fair values of $41,301,604, and deficiencies of $2,330,230 were reported in net assets with donor restrictions. On June 30, 2022, funds with original gift values of $50,723,245, fair values of $44,867,037, and deficiencies of $5,856,208 were reported in net assets with donor restrictions.

The endowment disclosed under this footnote is limited to the donor restricted endowed funds to be held in perpetuity that are managed by the Foundation under UPMIFA. Therefore, some funds that are included in the NACUBO definition of endowments are excluded. The full value of the Foundation's endowment is disclosed in the Management's Discussion and Analysis.

Endowment net asset composition as of June 30, is as follows:

Donor-restricted permanently endowed funds	2023	2022
Original endowment gift	$ 182,067,465	$ 177,559,629
Accumulated earnings	25,853,350	20,889,653
Total donor-restricted endowments	$ 207,920,815	$ 198,449,282

Changes in endowment net assets as of June 30, are as follows:

		2023		2022
Balance, beginning of year	$	198,449,282	$	211,150,264
Investment income		15,137,105		(14,256,539)
Contributions		4,507,836		11,247,897
Distributions		(6,698,911)		(6,222,648)
Administrative fees		(3,474,497)		(3,469,692)
Balance, end of year	$	207,920,815	$	198,449,282

7. FIXED ASSETS

At June 30, fixed assets consisted of:

		2023		2022
Land	$	25,000	$	25,000
Computer equipment and software		337,553		343,956
Leasehold improvements		176,473		149,208
Office furniture and fixtures		337,611		339,508
		876,637		857,672
Less accumulated depreciation		(470,730)		(402,278)
Total fixed assets, net	$	405,907	$	455,394

Depreciation expense in 2023 and 2022 was $109,984 and $79,461, respectively.

At June 30, 2023 and 2022, property held for sale consisted of land available for sale in Missoula County. Additionally at June 30, 2023 and 2022, the construction in process asset consisted of an athletic facility on the University of Montana campus that will be donated to the University of Montana upon completion.

8. OTHER ASSETS

At June 30, other assets consisted of:

		2023		2022
Life insurance cash surrender	$	421,970	$	402,902
Investment in UM buildings		553,170		553,170
Prepaid expenses		218,566		-
Other		40,667		169,583
Total other assets	$	1,234,373	$	1,125,655

In previous years under the Montana Endowment Tax Credit, donors were allowed to designate their endowed annuity gift for building construction purposes. Donors gave under this tax credit to the Alexander Blewett III School of Law, the College of Business, and the Phyllis J. Washington Education Center. As a result, the Foundation holds a small interest in both buildings.

In June 2012, the Foundation acquired, through an estate gift, a 31.67% interest in Stone Mountain, Ltd. The Foundation has the ability to exercise significant influence as a result of the acquired interest, and therefore accounts for this interest in Stone Mountain using the equity method for investments. As of year-end, the Foundation maintains its ownership interest in Stone Mountain, but no dollar value is assigned to the ownership interest.

9. LINE OF CREDIT

During the years ended June 30, 2023 and 2022, the Foundation had an agreement for a line of credit with a financial institution in which the Foundation can borrow up to $2,000,000. The line of credit has an interest rate of .25% over the Wall Street Journal Prime Rate. The interest rate was 8.5% and 5.0% as of June 30, 2023 and 2022, respectively. The line of credit is unsecured and had no balance throughout all of fiscal years 2023 and 2022. The line of credit expires in April of 2024.

10. LEASE COMMITMENTS

The Foundation leases office space under an operating lease agreement that expires March 31, 2036. The lease has an original term of 20 years and contains a renewal option of 10 years, which is not reasonably certain to be exercised. The renewal option is not recognized as part of the right-of-use asset and lease liability presented on the statement of financial position for 2023. Payments under the Foundation's lease arrangement are fixed.

Lease liability maturities as of June 30, 2023 are as follows:

Year ending June 30:		
2024	$	266,593
2025		266,593
2026		273,560
2027		294,462
2028		294,462
Thereafter		2,126,964
Total undiscounted liability		3,522,634
Less: Imputed interest		(555,477)
Total lease liability	$	2,967,157

Upon adoption of ASC 842, the Foundation recorded a $3,112,778 right-of-use asset and a $3,112,778 lease liability on its statement of financial position.

During fiscal year 2023, the Foundation made $266,593 in cash payments and incurred $296,996 in lease costs for its operating lease.

The remaining lease term related to the Foundation's lease liability as of June 30, 2023 was 12.75 years.

The discount rate related to the Foundation's lease liability is based on estimates of the Foundation's incremental borrowing rate, as the discount rate implicit in the Foundation's lease cannot be readily determined. The discount rate related to the Foundation's lease liabilities as of June 30, 2023 was 4%.

Future minimum lease commitments at June 30, 2022 were $4,083,689. For the year ended June 30, 2022, total rent expense was $266,593.

11. LIABILITIES TO EXTERNAL BENEFICIAIRIES

Some donors enter into trust or other arrangements under which the Foundation has a beneficial interest. For irrevocable agreements where the Foundation has control of the assets, assets are recorded at their estimated fair market value upon notification of the beneficial interest, provided that reliable information is available. A liability for payments to other beneficiaries is estimated at the present value of the expected future payments to beneficiaries, calculated by using an IRS life expectancy table and the discount rate determined at the date of the gift. For fiscal years 2023 and 2022 the liability was calculated using standard actuarial tables. Discount rates used in the calculation range from 0.4 % to 7.6%.

At June 30, 2023 and 2022 the liability due to external beneficiaries was $15,500,454 and $15,565,803, respectively. Of those amounts, $2,233,705 and $2,323,163, respectively, were for the liability related to gift annuities. Changes in the liability from year to year occur when the present value calculation is updated.

12. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, restricted net assets were available for the following purposes:

		2023		2022
Purpose restrictions, available for spending				
Scholarships	$	39,961,429	$	37,757,897
Academics and institutional support		62,416,098		59,899,155
Capital additions		23,521,303		18,545,359
Total purpose restrictions, available for spending	$	125,898,830	$	116,202,411
Restricted in perpetuity				
Scholarships	$	94,002,848	$	91,704,156
Academics and institutional support		104,152,758		102,254,379
Capital additions		1,291,749		1,124,692
Total restricted in perpetuity		199,447,355		195,083,227
Total donor restricted net assets	$	325,346,185	$	311,285,638

13. RETIREMENT PLAN

The Foundation has a qualified tax deferred annuity plan, which covers substantially all permanent employees. Employer contributions to the plan are 11% of eligible employees' salaries beginning after six months of service. Each employee allocates contributions to one or more investment funds sponsored by the custodial agent. The annuity payments under the plan depend on the amounts contributed by the Foundation, and the investment performance of invested contributions. Foundation contributions to the plan amounted to $516,675 and $434,127 for 2023 and 2022, respectively.

14. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	2023	2022
Land (held for sale)	$ -	$ 1,300,000
Art	604,001	614,994
Books, publications, and manuscripts	18,725	-
Equipment	4,550	-
Food	2,152	3,107
Instruments and music	599	3,000
Medical equipment	5,046	85,455
Supplies	29,606	1,592
Other miscellaneous items	1,554	13,032
Total	$ 666,233	$ 2,021,180

Contributed assets are valued at fair market value at the date of donation. Fair market value is based on published market rates for similar items or appraised value. Contributed assets, aside from the held for sale land, are not monetized and are transferred to the University of Montana in support of furthering the education purpose of the donor specified programs. The gift of land is held for sale, sale proceeds are restricted for the use of the University of Montana.

15. RELATED PARTY TRANSACTIONS

The relationship between the Foundation and the University is governed by an operating agreement. Under the terms of that agreement, the University paid $793,000 and $580,000 for fiscal years 2023 and 2022, respectively, for services provided by the Foundation. These services are provided to the University evenly over the course of the fiscal year; therefore, the revenue is recognized evenly over time. As a part of the agreement for performing fundraising services, the University provided the Foundation with certain information technology services and other related items in 2023 and 2022.

In 2016 the Foundation entered into an operating lease with the University for office space. The lease period runs from April 1, 2016 through March 31, 2036. Rent expense for this lease with the University was $296,996 and $266,593 in fiscal year 2023 and 2022, respectively.

The Foundation receives cash and non-cash donations to support the programs, faculty, and staff of the University. In fiscal years 2023 and 2022, the Foundation transferred $25.0 million and $24.0 million, respectively, of cash donations to the University. The Foundation also transferred $665,983 and $719,306 of non-cash donations to the University in fiscal years 2023 and 2022, respectively.