



Missoula Community Foundation
Financial Statements
December 31, 2021 and 2020

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Peterson CPA Group, P.C.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of the
Missoula Community Foundation
Missoula, Montana

We have reviewed the accompanying financial statements of the Missoula Community Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Montana Community Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Peterson CPA Group, P.C.

Missoula, Montana
November 14, 2022

FINANCIAL STATEMENTS

MISSOULA COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,908	\$ 10,343
Prepaid expenditures	250	618
Total current assets	<u>13,158</u>	<u>10,961</u>
NON-CURRENT ASSETS		
Cash held for others	4,812	30,722
MCF restricted cash	144,791	42,785
Investments - managed funds	303,171	135,577
Security deposit	750	750
Beneficial interest in agency endowment	40,148	36,232
Total non-current assets	<u>493,672</u>	<u>246,066</u>
TOTAL ASSETS	<u><u>\$ 506,830</u></u>	<u><u>\$ 257,027</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,231	\$ 2,604
Accrued payroll, taxes, and benefits	7,407	8,432
Total current liabilities	<u>8,638</u>	<u>11,036</u>
Refundable advance - PPP Loan	37,900	-
Funds owed to others	<u>8,458</u>	<u>30,972</u>
Total Liabilities	<u>54,996</u>	<u>42,008</u>
NET ASSETS		
Without donor restrictions - undesignated	(31,269)	1,244
Without donor restrictions - board designated	25,181	7,320
With donor restrictions	457,922	206,455
Total net assets	<u>451,834</u>	<u>215,019</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 506,830</u></u>	<u><u>\$ 257,027</u></u>

See the Independent Accountant's Review Report
The notes to the financial statements are an integral part of these statements

MISSOULA COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 147,724	\$ 250,255	\$ 397,979
Grants from Montana Community Foundation endowments	15,133	13,932	29,065
Other grants	15,500	119,850	135,350
Dues	-	-	-
Program and event revenue	24,137	100	24,237
	<u>202,494</u>	<u>384,137</u>	<u>586,631</u>
Less revenue and support designated for others	<u>(19,239)</u>	<u>-</u>	<u>(19,239)</u>
	183,255	384,137	567,392
Investment income	1,503	13,302	14,805
Agency endowment earnings	3,916	-	3,916
	<u>188,674</u>	<u>397,439</u>	<u>586,113</u>
Net assets released from restriction	145,972	(145,972)	-
	<u>334,646</u>	<u>251,467</u>	<u>586,113</u>
Total revenue and support			
EXPENSES			
Program	231,384	-	231,384
Administrative	90,529	-	90,529
Fundraising	27,385	-	27,385
	<u>349,298</u>	<u>-</u>	<u>349,298</u>
Total expenses			
Change in net assets	(14,652)	251,467	236,815
NET ASSETS			
Beginning of year	8,564	206,455	215,019
End of year	<u>\$ (6,088)</u>	<u>\$ 457,922</u>	<u>\$ 451,834</u>

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MISSOULA COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 122,727	\$ 154,812	\$ 277,539
Grants from Montana Community Foundation endowments	13,268	14,967	28,235
Other grants	4,290	120,918	125,208
Dues	-	779	779
Program and event revenue	14,208	47,580	61,788
	<u>154,493</u>	<u>339,056</u>	<u>493,549</u>
Less revenue and support designated for others	-	(179,561)	(179,561)
	<u>154,493</u>	<u>159,495</u>	<u>313,988</u>
Investment income	89	1,075	1,164
Other income	24,480	23,863	48,343
Agency endowment earnings	2,518	-	2,518
	<u>181,580</u>	<u>184,433</u>	<u>366,013</u>
Net assets released from restriction	172,906	(172,906)	-
	<u>172,906</u>	<u>(172,906)</u>	<u>-</u>
Total revenue and support	354,486	11,527	366,013
EXPENSES			
Program	291,963	-	291,963
Administrative	53,910	-	53,910
Fundraising	20,510	-	20,510
	<u>366,383</u>	<u>-</u>	<u>366,383</u>
Total expenses	366,383	-	366,383
Change in net assets	(11,897)	11,527	(370)
NET ASSETS			
Beginning of year	20,461	194,928	215,389
End of year	<u>\$ 8,564</u>	<u>\$ 206,455</u>	<u>\$ 215,019</u>

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MISSOULA COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	<u>Programs</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 19,933	\$ 121	\$ 33	\$ 20,087
Computer	995	1,970	231	3,196
Dues and subscriptions	528	178	48	754
Food, beverage, and hospitality	137	122	45	304
Insurance - liability, officers, directors	272	336	91	699
Miscellaneous	1,282	225	61	1,568
Online transaction processing fees	1,817	-	683	2,500
Office	2,037	1,022	1,092	4,151
Payroll	52,340	64,418	17,446	134,204
Professional services	12,225	15,000	22	27,247
Program supplies and materials	400	-	-	400
Rent, parking, and utilities	5,859	6,751	1,828	14,438
Scholarships	4,000	-	-	4,000
Small grants and awards	129,245	-	-	129,245
Conferences and meetings	314	386	5,805	6,505
Total	<u>\$ 231,384</u>	<u>\$ 90,529</u>	<u>\$ 27,385</u>	<u>\$ 349,298</u>
	66.2%	25.9%	7.8%	100%

See the Independent Accountant's Review Report
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MISSOULA COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	<u>Programs</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 19,757	\$ -	\$ -	\$ 19,757
Computer	5,330	3,137	961	9,428
Dues and subscriptions	513	173	73	759
Food, beverage, and hospitality	205	-	5	210
Insurance - liability, officers, directors	624	256	108	988
Miscellaneous	382	200	40	622
Online transaction processing fees	2,165	-	186	2,351
Office	1,450	401	469	2,320
Payroll	78,243	31,025	16,798	126,066
Professional services	23,737	15,498	515	39,750
Program supplies and materials	462	-	-	462
Rent, parking, and utilities	9,324	3,155	1,328	13,807
Scholarships	4,000	-	-	4,000
Small grants and awards	145,606	-	-	145,606
Conferences and meetings	165	65	27	257
Total	<u>\$ 291,963</u>	<u>\$ 53,910</u>	<u>\$ 20,510</u>	<u>\$ 366,383</u>
	79.7%	14.7%	5.6%	100%

See the Independent Accountant's Review Report
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MISSOULA COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 236,815	\$ (370)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized gain in the agency endowment	(3,916)	(2,518)
Changes in operating assets and liabilities:		
Receivables	-	20,308
Inventory held for Climate Smart	-	6,270
Prepaid expenditures	368	(368)
Accounts payable	(1,373)	(2,395)
Accrued payroll, taxes, and benefits	(1,025)	(5,162)
Funds owed to others	(22,514)	(38,192)
Net cash flows from operating activities	<u>208,355</u>	<u>(22,427)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for setting up managed funds - investments	(167,594)	(135,577)
Net cash flows from investing activities	<u>(167,594)</u>	<u>(135,577)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash from refundable advance	37,900	-
Net cash flows from financing activities	<u>37,900</u>	<u>-</u>
Net change in cash, cash equivalents and restricted cash	78,661	(158,004)
Cash, cash equivalents and restricted cash including cash held for others		
Beginning of year	83,850	241,854
End of year	<u>\$ 162,511</u>	<u>\$ 83,850</u>
Presented in the statement of financial position as:		
Cash and cash equivalents	\$ 12,908	\$ 10,343
Restricted cash	144,791	42,785
Cash held for others	4,812	30,722
	<u>\$ 162,511</u>	<u>\$ 83,850</u>
NON-CASH TRANSACTIONS		
In-kind goods and services	<u>\$ 22,165</u>	<u>\$ 34,949</u>

See the Independent Accountant's Review Report
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NOTES TO THE FINANCIAL STATEMENTS

MISSOULA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 1. ORGANIZATION PROFILE AND PURPOSE

The Missoula Community Foundation (MslaCF) is a tax-exempt organization under Internal Revenue Code Section 501(c)(3) whose purpose is to enhance community vitality by inspiring community giving and strengthening nonprofits. MslaCF promotes the social and economic well-being of Missoula and the western Montana area by providing leadership and assistance in promoting charitable philanthropy and acting as a steward of endowed charitable funds. Primary sources of revenue and support include contributions from individuals and businesses, grants, program service fees, and administrative fees.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board (FASB).

B. Programs

MslaCF primary giving and capacity building programs include Missoula Gives, Missoula Project for Nonprofit Excellence (a capacity-building program), the Missoula Community Foundation Scholarship Program, the Missoula County Women's Giving Circle, an Six Retreat among other activities.

MslaCF collected \$1,223,503 and \$690,358 in 2021 and 2020, respectively, for other nonprofits during Missoula Gives that is not included in MslaCF's financial statements.

C. Fiscal Sponsorship

MslaCF acted as a fiscal sponsor for three nonprofit entities in 2021: Preserve Historic Missoula, Tell Us Something, and Lake Missoula Old Time.

MslaCF acted as a fiscal sponsor for five nonprofit entities in 2020: Climate Smart, Preserve Historic Missoula, Tell Us Something, Lake Missoula Old Time, and Open AIR. Climate Smart and Open AIR were fiscally sponsored entities through June 30, 2020.

All fiscally sponsored projects are vetted and approved by MslaCF staff and its board of directors. Climate Smart Missoula was sponsored using a project-based contract. The other three entities are sponsored using a grant-based contract where all payments to these entities are reported as grants to the fiscal sponsorships less an administrative processing fee. All fiscally sponsored entities are required to provide MslaCF with a summary of activity at least annually.

MslaCF held \$4,812 and \$30,722 in funds for these fiscally sponsored organizations in 2021 and 2020, respectively. Revenue and support for these fiscally sponsored organizations has been removed from MslaCF's revenue on the statements of activities. Expenses for the fiscally sponsored organizations are not included in MslaCF's statements of activities.

MISSOULA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

For purposes of these statements, MslaCF considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. From time to time, certain bank accounts that are subject to FDIC coverage may exceed their insured limits. At December 31, 2021 and 2020, all of MslaCF's bank accounts were fully insured by the FDIC. Accordingly, MslaCF does not believe it is exposed to any significant credit risk on its cash balances.

E. Receivables

Receivables are stated at unpaid principal balances. Interest is not charged. Management writes off uncollectible amounts if circumstances indicate the receivable is unlikely to be collected. No allowance was necessary for the years ended December 31, 2021 and 2020.

F. Prepaid Expenses

Prepaid expenses consist of prepaid venue rent in 2021 and 2020 totaling \$250. In 2020, prepaid expenses also included of a \$368 Workers Compensation premium adjustment.

G. Investments

Investments consist of mutual funds and marketable equity securities that are carried at fair value. In February 2020, MslaCF's board of directors voted to begin managing their own funds, donor advised funds, field of interest funds, donor designated funds, and scholarship funds on behalf of the local community.

Investments at December 31, 2021 were comprised of two donor advised funds, four field of interest funds, two donor designated funds, two deferred gift annuities, an agency fund, and an endowment match fund.

Investments at December 31, 2020 represent a donor advised fund, two field of interest funds, and an endowment match fund.

H. Beneficial Interest in Agency Endowment

In prior years, MslaCF transferred funds for long-term investment to the Missoula Community Foundation Agency Endowment held by the Montana Community Foundation for the benefit of MslaCF. Annual endowment distributions received are subject to the payout policy approved by the board of directors of the Montana Community Foundation.

A portion of the earnings on the endowment fund held at the Montana Community Foundation are used to benefit MslaCF and are paid at the discretion of the Montana Community Foundation's board of directors. Earnings distributed by the Montana Community Foundation to MslaCF are recorded as contributions in the year of receipt.

MISSOULA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

MslaCF accrues annual paid time off based upon employees' anniversary dates and other factors. Accrued vacation time is included in accrued liabilities on the statement of financial position. MslaCF accrued vacation time at December 31, 2021 and 2020 totaled \$1,306 and \$1,874, respectively.

J. Refundable Advance

MslaCF borrowed funds under a Paycheck Protection Program loan administered by the Small Business Administration. MslaCF elected to account for this loan following guidance of FASB ASC 958-605. The advance was unsecured and fully guaranteed by the Federal Government and carried interest at 1.00%. This loan was subsequently forgiven on March 3, 2022. See Note 1R.

K. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Accordingly, net assets and changes there in are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events, such as use of funds, specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

L. Revenue Recognition

MslaCF's significant revenue streams are: {1} contributions and donations, {2} grants, and {3} fundraising activities. These revenue streams follow guidance from ASU 2018-08 (Topic 958). All other sources of revenue, which are not material to the financial statements overall, are recognized following guidance of ASU 2014-09 (Topic 606) at a point in time.

Distinguishing between contributions and exchange transactions determines whether the accounting follows ASU 2018-08 or ASU 2014-09.

MISSOULA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Revenue Recognition, continued

Accounting follows ASU 2018-08 for contributions and follows guidance from 2014-09 for exchange transactions. Guidance from Topic 958 indicates that if the possibility that a condition will not be met is remote, a conditional promise to give is considered unconditional and contribution revenue is immediately recognized and classified as net assets without donor restrictions or net assets with donor restrictions.

MslaCF's activities and operations were negatively impacted by results of the world-wide coronavirus pandemic and the Montana Governor's lockdown orders impacting travel and other activities in 2020 and continued into 2021. MslaCF applied for and received a \$48,000 Paycheck Protection loan in 2020 that was fully forgiven in 2020. MslaCF applied for and received a second Paycheck Protection loan in 2021 for \$37,900. MslaCF received full forgiveness in March 2022.

The timing of revenue recognition, billings, and cash receipts results in billed receivables on the statements of financial position. The balances of receivables for the years ended December 31, 2021, 2020, and 2019 are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Receivables	\$ -	\$ -	\$ 20,308

Contributions that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue was recognized. All other donor or grantor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by MslaCF.

M. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are direct charged whenever possible. All other costs are allocated based an analysis of employee time spent in program activities, administration, and fundraising.

N. Advertising Costs

Advertising costs are charged to operations when first incurred. Advertising costs totaled \$20,087 in 2021 and \$19,757 in 2020.

MISSOULA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Income Tax Status

MslaCF is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the increase in net assets is generally not subject to taxation. No provision for income tax has been recorded in the financial statements because management believes there was no unrelated business income in 2021 or 2020.

P. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Q. Recent Accounting Pronouncements

The FASB issued Accounting Standard Update (ASU) 2016-02: *Leases (Topic 842)* in February 2016. This ASU requires the recognition of lease assets and liabilities in the financial statements as a “right-of-use” asset and a lease liability. This ASU supersedes lease accounting requirements of the FASB and requires new, additional disclosures. Lessees and Lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The provisions of this ASU were effective for annual periods beginning after December 15, 2019.

The FASB issued ASU 2020-05: *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities* on June 3, 2020. This ASU defers the effective date of FASB ASC 842 for certain entities who elect to adopt FASB ASC 842 for annual periods beginning after December 15, 2021.

MslaCF has adopted this accounting standard on July 1, 2022.

The FASB issued ASU 2020-07: *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* in September 2020. This ASU requires separate presentation in the financial statements of contributed nonfinancial assets along with additional disclosures regarding the valuation and nature of the contributed nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021 and should be implemented on a retrospective basis. MslaCF plans to adopt this ASU January 1, 2022 and does not anticipate any significant adjustment to the accounting records.

R. Subsequent Events

Management has evaluated subsequent events through November 14, 2022, which is the date the financial statements were available for issue.

The Refundable Advance of \$37,900 was fully forgiven on March 3, 2022.

See also Note 10.

MISSOULA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following (with comparative amounts for 2020):

	2021	2020
Cash and cash equivalents	<u>\$ 12,908</u>	<u>\$ 10,343</u>

NOTE 4. FAIR VALUE MEASUREMENTS

A framework for measuring fair value and defining fair value is provided by GAAP. Fair value is defined 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 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 for which all significant inputs are observable, either directly, or indirectly.

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

Beneficial interests in assets held by others – valued at fair value using information provided by the Montana Community Foundation year-end statements.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. MslaCF's policy for determining the timing of significant transfers between Levels 1 and 2 is at the end of the reporting period. Marketable equity securities are stated at fair value based on quoted market prices in active markets. Mutual funds are valued at the net asset value (NAV). NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares held by the fund outstanding at year end. The NAV is quoted in an active market and reported under Level inputs.

MISSOULA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 4. FAIR VALUE MEASUREMENTS (continued)

The following represents, by level, MslaCF's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2021 and 2020:

December 31, 2021				
	Fair Value Level 1 Inputs	Fair Value Level 2 Inputs	Fair Value Level 3 Inputs	Total Fair Value
Money market accounts	\$ 75,423	\$ -	\$ -	\$ 75,423
Equities	88,785	-	-	88,785
Mutual funds	138,963	-	-	138,963
Beneficial interest in agency endowment	-	-	40,148	40,148
	<u>\$ 303,171</u>	<u>\$ -</u>	<u>\$ 40,148</u>	<u>\$ 343,319</u>
December 31, 2020				
	Fair Value Level 1 Inputs	Fair Value Level 2 Inputs	Fair Value Level 3 Inputs	Total Fair Value
Money market accounts	\$ 45,263	\$ -	\$ -	\$ 45,263
Mutual funds	90,314	-	-	90,314
Beneficial interest in agency endowment	-	-	36,232	36,232
	<u>\$ 135,577</u>	<u>\$ -</u>	<u>\$ 36,232</u>	<u>\$ 171,809</u>

A reconciliation of beginning and ending fair values for assets measured using Level 3 inputs (beneficial interest in assets held by others) for the years ended December 31, 2021 and 2020 follows:

	2021	2020
Fair market value, beginning of year	\$ 36,232	\$ 33,714
Realized and unrealized gains	3,916	2,518
Fair market value, end of year	<u>\$ 40,148</u>	<u>\$ 36,232</u>

MISSOULA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

NOTE 5. ENDOWMENT

MslaCF had three permanently restricted endowment funds at December 31, 2021 as follows:

- ◆ Historical Museum at Fort Missoula: Missoula Community Foundation has a third-party endowment for the Historical Museum at Fort Missoula for the years December 31, 2021 for 2020. The balance in this endowment fund was \$2,290 at December 31, 2021 and \$2,123 at December 31, 2020.
- ◆ Clay Studio of Missoula: An endowment for the Clay Studio was created by a third-party near the end of 2021. The balance in this endowment fund at December 31, 2021 was \$10,159.
- ◆ Family Fund (Anonymous): This endowment fund was funded during 2021 as a donor-advised fund and was fully endowed by year end. The balance in this endowment fund at December 31, 2021 was \$111,701.

MslaCF had one quasi-endowment fund at December 31, 2021 as follows:

- ◆ Historical Museum at Fort Missoula: the Missoula Community Foundation has a quasi-endowment fund for the Historical Museum at Fort Missoula. The balance in this endowment fund was \$1,215 at December 31, 2021 and \$500 at December 31, 2020.

MslaCF received two deferred gift annuities during 2021 and recorded a liability of \$3,396 that is included in Funds Owed to Others on the Statement of Financial Position.

MslaCF is the designated beneficiary for three funds that are held at the Montana Community Foundation: Missoula Community Foundation Agency (see Note 2H); Celebrate Missoula Community Foundation Fund; Missoula County Public High School Scholarship Fund. Variance power gives the Montana Community Foundation complete control and ownership of these funds. Annual endowment distributions received and earnings distributed are subject to approval by the Montana Community Foundation Board of Directors. Earnings distributed by the Montana Community Foundation to MslaCF are recorded as contributions in the year of receipt. The Montana Community Foundation Board has full authority to vary the terms of the endowment as appropriate.

NOTE 6. RETIREMENT PLAN

MslaCF has a Simple IRA plan covering eligible employees. MslaCF contributes up to 3% of eligible employees' wages to the plan. MslaCF contributions to the plan totaled \$3,402 in 2021 and \$3,198 in 2020.

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NOTE 7. NET ASSET RESTRICTIONS

Net assets by nature of restriction at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Net Assets Without Donor Restrictions - undesignated	\$ (31,269)	\$ 1,244
Net Assets Without Donor Restrictions - board designated	25,181	7,320
Total	<u>(6,088)</u>	<u>8,564</u>
Net Assets With Donor Restrictions		
Subject to expenditure for specified purpose and time restriction:		
<u>(Giving and Nonprofit Capacity Building Programs)</u>		
Endowment distributions held for grants and scholarships	21,631	14,032
Missoula Project for Nonprofit Excellence	9,467	20,100
Missoula Women's Giving Circle	11,099	2,773
Six Retreat Program	49,501	-
Other Donor Restricted Grants/Awards	202,068	130,695
	<u>293,766</u>	<u>167,600</u>
<u>Not subject to spending policy or appropriation:</u>		
Beneficial interest in agency fund	40,148	36,232
Historical Museum at Fort Missoula endowment	2,290	2,623
Clay Studio Endowment	10,159	-
H Family Endowment	111,559	-
	<u>164,156</u>	<u>38,855</u>
Total	<u>457,922</u>	<u>206,455</u>
Total Net Assets	<u><u>\$ 451,834</u></u>	<u><u>\$ 215,019</u></u>

NOTE 8. OPERATING LEASES

Climate Smart, one of MslaCF's fiscally sponsored programs until June 30, 2020, rented space from the City of Missoula on a month-to-month basis. The City of Missoula has donated this space valued at \$925 in 2020. Climate Smart paid utilities on this space through June 30, 2020. Utilities were not significant to the overall financial statements.

MslaCF leases office space under a lease agreement that expired in January 2020 and was subsequently renewed in February 2020 on a month-to-month basis. Rent has been \$750 per month and increased to \$900 per month on October 1, 2021.

Total rent expense in 2021 and 2020 was \$9,974 and \$9,000, respectively.

Minimum rent expected to be paid in 2022 is \$10,800.

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NOTE 9. RELATED PARTY TRANSACTIONS

Contributions from MslaCF board members and employees in 2021 and 2020 totaled \$6,172 and \$2,922, respectively.

NOTE 10. ECONOMIC CONDITIONS

The coronavirus outbreak was declared a pandemic in March 2020 negatively impacting the national economy, the Montana economy, and financial markets. MslaCF's operations, activities, and financial condition were negatively impacted by the coronavirus throughout 2020 and into 2021. The impact of the coronavirus to MslaCF's financial statements is unknown and cannot reasonably be estimated.

Rising interest rates, inflation, and volatility in the financial markets, along with other factors, may have a negative impact on MslaCF's financial condition during 2022; however, the impact currently is unknown and cannot reasonably be estimated. Management and the board of directors are closely monitoring these metrics to minimize the potential impact to MslaCF's financial condition.