

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



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YEARS ENDED JUNE 30, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

Finance Committee and Board of Directors
Montana Technological University Foundation
Butte, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Montana Technological University Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities, functional expenses, and cash flow for the year 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 Montana Technological University Foundation as of June 30, 2025, and the results of its operations and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montana Technological University Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Montana Technological University Foundation for the year ending June 30, 2024, were audited by another auditor, who expressed an unmodified opinion on those statements on September 30, 2024.

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 Montana Technological University Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued. Auditors' Responsibilities for the Audit of the Financial Statements

Auditors' Responsibilities for the Audit of the Financial Statements

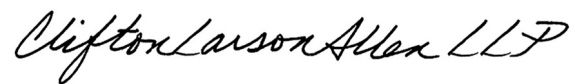
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 Montana Technological University Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montana Technological University Foundation's ability to continue as a going concern for a reasonable period of time.

Finance Committee and Board of Directors
Montana Technological University Foundation

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Spokane, Washington
October 2, 2025

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,117,646	\$ 2,923,681
Short-Term Investments	2,906,688	2,247,656
Accounts Receivable, Net	-	121,532
Pledges Receivable, Net	10,659,244	15,586,875
Prepaid Expenses	170,454	121,512
Other Assets	227,891	227,891
Investments at Fair Value	93,947,189	84,434,420
Beneficial Interest in Perpetual Trust	2,133,374	2,073,950
Property and Equipment, Net	<u>1,739,945</u>	<u>1,873,930</u>
Total Assets	<u><u>\$ 121,902,431</u></u>	<u><u>\$ 109,611,447</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 129,963	\$ 165,735
Accrued Expenses	68,209	16,197
Long-Term Charitable Gift Annuities	<u>183,746</u>	<u>201,894</u>
Total Liabilities	381,918	383,826
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,091,005	1,282,338
Designated by the Board	<u>903,326</u>	<u>857,607</u>
Total Without Donor Restrictions	1,994,331	2,139,945
With Donor Restrictions:		
Perpetual in Nature	82,369,663	71,743,808
Purpose or Time Restrictions	<u>37,156,519</u>	<u>35,343,868</u>
Total With Donor Restrictions	<u>119,526,182</u>	<u>107,087,676</u>
Total Net Assets	<u><u>121,520,513</u></u>	<u><u>109,227,621</u></u>
Total Liabilities and Net Assets	<u><u>\$ 121,902,431</u></u>	<u><u>\$ 109,611,447</u></u>

See accompanying Notes to Financial Statements.

**MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 397,416	\$ 10,405,531	\$ 10,802,947
Contributed Nonfinancial Assets	-	10,369	10,369
Investment Income, Net	252,232	8,877,817	9,130,049
Net Assets Released from Restrictions	6,855,211	(6,855,211)	-
Total Revenue and Support	<u>7,504,859</u>	<u>12,438,506</u>	<u>19,943,365</u>
EXPENSES			
Program Services:			
University Support:			
Educational Program Services	1,365,494	-	1,365,494
Nonfinancial Distribution	297,830	-	297,830
Professorship Distributions	865,215	-	865,215
Scholarship Distributions	2,540,024	-	2,540,024
Direct College Support	45,152	-	45,152
Total Program Services	<u>5,113,715</u>	<u>-</u>	<u>5,113,715</u>
Supporting Services:			
General and Administrative	889,394	-	889,394
Fundraising	1,647,364	-	1,647,364
Total Supporting Services	<u>2,536,758</u>	<u>-</u>	<u>2,536,758</u>
Total Expenses	<u>7,650,473</u>	<u>-</u>	<u>7,650,473</u>
CHANGE IN NET ASSETS	(145,614)	12,438,506	12,292,892
Net Assets - Beginning of Year	<u>2,139,945</u>	<u>107,087,676</u>	<u>109,227,621</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,994,331</u></u>	<u><u>\$ 119,526,182</u></u>	<u><u>\$ 121,520,513</u></u>

See accompanying Notes to Financial Statements.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 256,839	\$ 7,200,773	\$ 7,457,612
Contributed Nonfinancial Assets	21,200	338,849	360,049
Investment Income, Net	257,076	7,591,808	7,848,884
Net Assets Released from Restrictions	5,660,250	(5,660,250)	-
Total Revenue and Support	6,195,365	9,471,180	15,666,545
EXPENSES			
Program Services:			
University Support:			
Educational Program Services	1,270,413	-	1,270,413
Nonfinancial Distribution	894,532	-	894,532
Professorship Distributions	355,647	-	355,647
Scholarship Distributions	1,813,735	-	1,813,735
Direct College Support	49,595	-	49,595
Total Program Services	4,383,922	-	4,383,922
Supporting Services:			
General and Administrative	724,122	-	724,122
Fundraising	1,190,344	-	1,190,344
Total Supporting Services	1,914,466	-	1,914,466
Total Expenses	6,298,388	-	6,298,388
CHANGE IN NET ASSETS	(103,023)	9,471,180	9,368,157
Net Assets - Beginning of Year	2,242,968	97,616,496	99,859,464
NET ASSETS - END OF YEAR	<u>\$ 2,139,945</u>	<u>\$ 107,087,676</u>	<u>\$ 109,227,621</u>

See accompanying Notes to Financial Statements.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services	Supporting Services		
	University Support	General and Administrative	Fundraising	Total
Direct University Support	\$ 3,879,206	\$ 922	\$ -	\$ 3,880,128
Salaries and Fringe Benefits	-	436,111	988,833	1,424,944
Entertainment	291,164	12,712	22,203	326,079
Travel, Lodging, and Relocation	270,128	9,552	52,268	331,948
Supplies	196,871	984	11,658	209,513
Contracted Services	176,836	64,035	372,813	613,684
Software Acquisition and Maintenance	3,214	50,608	136,179	190,001
Repairs and Maintenance	-	-	-	-
Gifts	116,002	12,728	27,721	156,451
Accounting and Auditing	5,215	152,708	-	157,923
Depreciation	36,982	11,649	12,069	60,700
Licenses and Taxes	(1,557)	1,818	-	261
Minor Equipment	42,528	-	-	42,528
Bank and Credit Card Fees	225	36,275	-	36,500
Office Supplies, Printing, and Postage	12,562	16,359	8,576	37,497
Professional Development	27,050	(1,748)	1,960	27,262
Dues and Subscriptions	15,326	25,225	2,451	43,002
Insurance	1,449	53,841	-	55,290
Advertising and Promotion	4,153	2,050	1,510	7,713
Prizes and Awards	36,173	-	-	36,173
Telephone	-	3,565	6,998	10,563
Miscellaneous	-	-	2,125	2,125
Interest Expense	188	-	-	188
Legal Fees	-	-	-	-
Total Expenses by Function	<u>\$ 5,113,715</u>	<u>\$ 889,394</u>	<u>\$ 1,647,364</u>	<u>\$ 7,650,473</u>

See accompanying Notes to Financial Statements.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services		
	University Support	General and Administrative	Fundraising	Total
Direct University Support	\$ 3,328,140	\$ 508	\$ -	\$ 3,328,648
Salaries and Fringe Benefits	-	353,781	760,342	1,114,123
Entertainment	271,710	9,042	47,769	328,521
Travel, Lodging, and Relocation	152,516	3,136	82,953	238,605
Supplies	200,741	8,221	15,854	224,816
Contracted Services	78,832	85,993	57,570	222,395
Software Acquisition and Maintenance	6,148	44,908	143,525	194,581
Repairs and Maintenance	112,306	18,610	-	130,916
Gifts	78,182	3,066	31,148	112,396
Accounting and Auditing	3,270	65,689	-	68,959
Depreciation	36,982	11,649	12,445	61,076
Licenses and Taxes	4,674	42,069	-	46,743
Minor Equipment	40,838	2,320	-	43,158
Bank and Credit Card Fees	75	38,821	-	38,896
Office Supplies, Printing, and Postage	3,426	9,034	16,490	28,950
Professional Development	17,507	87	6,219	23,813
Dues and Subscriptions	10,381	5,229	6,820	22,430
Insurance	562	18,940	-	19,502
Advertising and Promotion	16,142	500	2,760	19,402
Prizes and Awards	19,303	-	-	19,303
Telephone	-	2,369	3,810	6,179
Miscellaneous	1,603	-	2,639	4,242
Interest Expense	584	-	-	584
Legal Fees	-	150	-	150
Total Expenses by Function	<u>\$ 4,383,922</u>	<u>\$ 724,122</u>	<u>\$ 1,190,344</u>	<u>\$ 6,298,388</u>

See accompanying Notes to Financial Statements.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 12,292,892	\$ 9,368,157
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	60,700	61,076
Net Realized and Unrealized Gain on Investments	(8,853,630)	(7,504,583)
Contributions on Donated Stock	(251,749)	(198,543)
Unrealized Gain on Beneficial Interest in Perpetual Trust	(59,424)	(158,319)
Change in Value of Charitable Gift Annuities	(18,148)	10,840
Changes in Operating Assets and Liabilities:		
Pledges Receivable	4,927,631	8,448,060
Accounts Receivable	121,532	(121,532)
Prepays and Other Assets	24,343	12,065
Accounts Payable	(35,772)	(41,252)
Accrued Expenses	52,012	(23,402)
Net Cash Provided by Operating Activities	<u>8,260,387</u>	<u>9,852,567</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(197,747)
Purchase of Investments	(25,160,390)	(99,812,483)
Proceeds from Sale of Investments	<u>24,093,968</u>	<u>88,580,592</u>
Net Cash Used by Investing Activities	<u>(1,066,422)</u>	<u>(11,429,638)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	<u>-</u>	<u>(90,128)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(90,128)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	7,193,965	(1,667,199)
Cash and Cash Equivalents - Beginning of Year	<u>2,923,681</u>	<u>4,590,880</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 10,117,646</u></u>	<u><u>\$ 2,923,681</u></u>

See accompanying Notes to Financial Statements.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Montana Technological University Foundation (the Foundation), was organized and incorporated December 7, 1967, as a nonprofit organization. The Foundation's purpose is to conduct and carry out research, to seek and invite bequests, contributions, gifts, and grants for the purpose of aiding and assisting Montana Technological University (the University) in providing education opportunities for its faculty, students, and employees. All of the program service expenditures are for the benefit of the University. Because of this relationship, the Foundation is considered to be a component unit of Montana Technological University.

Basis of Presentation

The Foundation's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

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 specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources 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.

All donor-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 statement of activities as net assets released from restrictions.

**MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Revenues are reported as increases in net assets without restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor-restricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, management generally considers all checking and investment cash accounts with an original maturity of three months or less to be cash equivalents.

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

Third-party investment managers engaged by the Foundation and monitored by management and the finance committee of the board, manage investments. Annual changes in market values to the U.S. Treasuries, certificates of deposit, and alternative investments are recorded as market gains or losses in the statement of activities, net of the investment fee. The fair 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. Investments are stated at fair value.

Investments are classified within the level of lowest significant input considered in determining fair value.

Alternative investments include private and public equity funds, bond funds, real assets, and diversifying funds. The fair value of alternative investments publicly traded on national security exchanges are stated at their closing market prices as of June 30, 2025 and 2024. The fair values of alternative investments not publicly traded on national security exchanges represent the Foundation's pro-rata interest in the funds. Because of inherent uncertainties in the valuation of these nonpublicly traded alternative investments, those estimated fair values may differ materially from the values that might ultimately be realized.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Income

Net investment income is comprised of dividend and interest income, realized and unrealized gains and losses on investments, and investment expenses. Dividend and interest income are recorded when earned. Realized gains and losses are recorded at the time of sale for the amount of the difference between the sale price and the cost basis of the investment. Unrealized gains and losses are recorded for the change in the fair value of the securities, which are still held as of year-end. Investment expenses are recorded as incurred.

Beneficial Interests in Perpetual Trust

Beneficial interests in perpetual trust represent resources neither in the possession nor under the control of the Foundation, but held and administered by outside fiscal agents, with the Foundation deriving income from such funds and are reported at fair value.

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 increasing net assets with donor restrictions. 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 also reported as increases/decreases in net assets with donor restrictions because the trust assets will never be distributed to the Foundation.

Pledges Receivable, Net

Unconditional promises to give (pledges receivable) are recognized at fair value in the period received. Unconditional promises to give that will be collected beyond one year are reported at the present value of the anticipated cash flows. Allowance for doubtful accounts was \$20,000 as of June 30, 2025 and 2024. Pledges are reviewed on an individual basis to determine if they are collectible. Donors are contacted on pledges that have not performed in accordance with their agreement to determine if they are collectable. Conditional promises to give are recognized when the conditions on which they depend are met.

Property and Equipment, Net

Depreciable assets consist of land, buildings, furniture and equipment, and computer equipment. 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 3 to 40 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 improvements increasing the assets life or value in excess of \$5,000 are capitalized.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

Property and equipment consist of the following at June 30:

	2025	2024
Land	\$ 18,996	\$ 18,996
Building	2,306,447	2,306,447
Furniture and Equipment	228,603	301,887
Computer Equipment	21,030	21,030
Total	2,575,076	2,648,360
Less: Accumulated Depreciation	(835,131)	(774,430)
Property and Equipment, Net	<u>\$ 1,739,945</u>	<u>\$ 1,873,930</u>

Long-Term Charitable Gift Annuities

The Foundation records an amount due to income beneficiaries of charitable gift annuities and charitable remainder trusts when it acts as trustee. The liability is based on the present value of the estimated future payments to be distributed during the income beneficiary's expected life. Annual adjustments to the liability reflect revaluation of the present value of the estimated future payments to the income beneficiary and are recognized in the statements of activities as a change in value of planned gifts. The present value of the future payments was calculated using a flat discount rate of 3.6% and applicable mortality tables.

Contributions of Financial Assets

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is communicated or received.

Contributions of public stock are recorded at fair value on the date of donation and liquidated upon receipt. Contributions of life insurance policies are recorded at cash surrender value on the date of donation.

Conditional promises to give are recognized when the conditions on which they depend are met. Administrative fee revenue and other miscellaneous income is recognized over time when the related services have been provided and earned.

Contributions received are recorded as without donor-restricted support or with donor-restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in without donor-restricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in with donor-restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor-restricted net assets are reclassified to without donor-restricted net assets and reported in the statements of activities as Net Assets Released from Restrictions.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets

Contributed nonfinancial assets, or in-kind contributions, are recorded as contributions at their estimated fair value at the date of donation. Fair value is determined using appraisers or other readily available valuations of similar property and equipment. Such contributions are reported as increases within the net asset classification of without donor restrictions unless the donor has restricted the donated asset to a specific purpose or time restriction. The Foundation will evaluate each contributed asset to determine whether it will be utilized or monetized depending on the nature of the asset. No amounts have been reflected in the statements for donated services because they do not meet the criteria to record under U.S. GAAP (see Note 15).

Administrative Support

Administrative support includes an investment management fee and a service fee. The investment management fee is an annual 2% fee (charged quarterly) to the endowment and quasi-endowment funds. The service fee is a one-time 5% fee assessed on all contributions, sales, services, and other revenue received, which is recorded as a release from restriction.

Allocation of Earnings

The Foundation's policy is to allocate all earnings and losses to each participating fund established in the Foundation. The allocation is based on assigned unit values. Unit values are periodically adjusted based on market performance.

Earnings subject to donor restrictions or restrictions based on state law are reported as increases in net assets with donor restrictions. When the restriction is met or earnings appropriated by the board, the earnings are reclassified to undesignated net assets (without donor restrictions).

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis on the statement of activities. Directly identifiable expenses are charged to University support and fundraising. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

General and administrative expenses for common space expenses are allocated based upon square footage of the University Relations Center. Other general and administrative expenses that support more than one function are allocated based on management's analysis of staff time and effort.

Advertising

Advertising costs, which relate principally to fundraising activities, are expensed as incurred and totaled \$7,487 and \$19,402 for the years ended June 30, 2025 and 2024, respectively.

**MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code §501(c)(3) as amended. The Internal Revenue Service (IRS) has ruled that the Foundation is not a private foundation as defined in §509(a) of the Internal Revenue Code. Business income unrelated to the purpose of the organization is reported on a Form 990-T and income taxes are paid on unrelated business income. The Foundation complies with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. As of June 30, 2025 and 2024, the Foundation had no uncertain tax positions requiring accrual.

Concentrations of Risk

Cash Equivalents

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

Investments

Investments are exposed to various risks, such as interest, market, and credit risks. It is reasonably possible given the risks associated with investments that changes in the near term could materially affect the amounts reported in the financial statements. To manage risk, the Foundation has formal investment policies.

Subsequent Events

Management has evaluated subsequent events through October 2, 2025, the date the financial statements were available to be issued. The Foundation entered into a line a credit in September 2025 for \$2.55 million with a maturity date of September 2028.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available within one year of the statement of financial position for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 10,117,646	\$ 2,923,681
Short-Term Investments	2,906,688	2,247,656
Accounts Receivable, Net	-	121,532
Pledges Receivable, Net	10,659,244	15,586,875
Investments	93,947,189	84,434,420
Beneficial Interest in Perpetual Trust	<u>2,133,374</u>	<u>2,073,950</u>
Total Financial Assets	119,764,141	107,388,114
Less Amounts Not Available to be Used Within One Year Due to:		
Board-Designated Net Assets	(903,326)	(857,607)
Total Net Assets With Donor Restrictions, Less Distributions for the Next 12 Months	<u>(117,830,339)</u>	<u>(105,374,680)</u>
Total Amounts Not Available to be Used Within One Year	<u>(118,733,665)</u>	<u>(106,232,287)</u>
Total Net Assets Available to be Used for General Expenditure Within One Year	<u>\$ 1,030,477</u>	<u>\$ 1,155,827</u>

The Foundation's general expenditures include fundraising and administrative expenses. To meet the cash needs for these general expenditures during the year, the Foundation relies upon the administrative fees (endowment management fees and service fees), unrestricted donations, and investment earnings from short-term investments.

Total net assets with donor restrictions as of June 30, 2025 and 2024, has been reduced by management's estimate of the 2% investment management fee charged to endowments to be distributed in the next 12 months.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit in the amount of \$500,000, which it could draw upon. Additionally, the Foundation has board-designated funds of \$906,591 and \$857,607 as of June 30, 2025 and 2024, respectively. Although the Foundation does not intend to spend from its board-designated endowment, amounts could be made available if necessary. However, both the endowment and donor-restricted endowment contain investments with lock-up provisions that would reduce the total investments that could be made available.

The majority of the Foundation's assets are held for the University with donor restrictions. The expenditures of these assets are not considered general expenditures.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2025	2024
Within One Year	\$ 6,036,117	\$ 7,062,229
In One to Five Years	4,813,000	10,566,938
Over Five Years	395,000	416,667
Total	11,244,117	18,045,834
Less: Discount to Net Present Value	(564,873)	(2,438,959)
Less: Allowance for Uncollectible Promises to Give	(20,000)	(20,000)
Total Pledges Receivable	<u>\$ 10,659,244</u>	<u>\$ 15,586,875</u>

The discount is calculated using the historical IRS discount rate in effect during the month that the pledge is made. Rates used for the discounts range from 2% to 4.4%.

At June 30, 2025 and 2024, the Foundation had a pledge receivable from one donor, which represented 62% and 83% of the total pledges receivable, respectively. This pledge was recorded during fiscal year June 30, 2023.

Pledges receivable have been designated by donors for the following purposes at June 30:

	2025	2024
Endowment	\$ 4,151,117	\$ 15,104,550
Scholarships	7,068,000	2,866,284
Nursing Simulation Center	-	50,000
Student Success Center	25,000	25,000
Total	<u>\$ 11,244,117</u>	<u>\$ 18,045,834</u>

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are stated at fair value following applicable requirements of accounting principles generally accepted in the United States of America. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Fair market values are determined by the most relevant, available and observable valuation inputs and are classified into three levels.

The three levels of the fair value hierarchy are described below:

Level 1 – Quoted market prices available through public markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Investments in certificates of deposit and Treasury securities where cash deposits are invested in a diversified network of banks are classified within Level 2.

Investments in beneficial interest in perpetual trust are invested in a diversified network of banks and are classified within Level 3.

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

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

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

The following tables present by level, within the fair value hierarchy, the Foundation's investment assets at fair value, as of June 30, 2025 and 2024, respectively. Investment assets are classified in their entirety based upon the lowest level of input that is significant at the fair value measurement.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	2025			
	Level 1	Level 2	Level 3	Total
Short-Term Investments:				
Cash and Cash Equivalents	\$ 251,437	\$ -	\$ -	\$ 251,437
U.S. Treasury Securities	-	1,234,756	-	1,234,756
Certificates of Deposit	-	1,420,495	-	1,420,495
Total Short-Term Investments in Fair Value Hierarchy	251,437	2,655,251	-	2,906,688
Beneficial Interest in Perpetual Trust	-	-	2,133,374	2,133,374
Total Assets in Fair Value Hierarchy	<u>\$ 251,437</u>	<u>\$ 2,655,251</u>	<u>\$ 2,133,374</u>	<u>\$ 5,040,062</u>
Long-Term Investments Measured at NAV Practical Expedient				<u>\$ 93,947,189</u>

	2024			
	Level 1	Level 2	Level 3	Total
<u>June 30, 2024</u>				
Short-Term Investments:				
U.S. Treasury Securities	\$ -	\$ 1,182,777	\$ -	\$ 1,182,777
Certificates of Deposit	-	1,064,879	-	1,064,879
Total Short-Term Investments in Fair Value Hierarchy	-	2,247,656	-	2,247,656
Beneficial Interest in Perpetual Trust	-	-	2,073,950	2,073,950
Total Assets in Fair Value Hierarchy	<u>\$ -</u>	<u>\$ 2,247,656</u>	<u>\$ 2,073,950</u>	<u>\$ 4,321,606</u>
Long-Term Investments Measured at NAV Practical Expedient				<u>\$ 84,434,420</u>

In accordance with the FASB ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient to fair value measurement have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Investments in Entities That Use NAV – The following tables summarizes investments measured at fair valued based on NAV per share, as well as the unfunded commitment as of June 30:

	2025			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Collective Funds:				
Public Equity Funds	\$ 40,811,169	\$ -	Daily	30 Days
Private Equity Funds	13,707,243	6,174,452	Not Liquid	N/A
Bond Funds	20,003,781	2,233,223	Daily	30 Days
Real Asset Funds	10,265,330	9,448,527	Not Liquid	N/A
Diversifying Funds	9,159,666	-	Daily	30 Days
Total	<u>\$ 93,947,189</u>	<u>\$ 17,856,202</u>		
	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>June 30, 2024</u>				
Common Collective Funds:				
Public Equity Funds	\$ 37,839,440	\$ 37,839,440	Daily	30 Days
Private Equity Funds	12,224,713	12,224,713	Not Liquid	N/A
Bond Funds	14,754,526	14,754,526	Daily	30 Days
Real Asset Funds	12,254,103	12,254,103	Not Liquid	N/A
Diversifying Funds	7,361,638	7,361,638	Daily	30 Days
Total	<u>\$ 84,434,420</u>	<u>\$ 84,434,420</u>		

Public Equity – Public equity investments are structured as limited partnerships allowing for a variety of investment strategies including investments in illiquid debt and equity assets across multiple sectors and global markets. The unobservable inputs used to determine fair value have been estimated based on the capital account balances reported by underlying partnerships subject to the private capital fund of funds management review and judgment.

Private Equity – Private equity investments are structured as limited partnerships allowing for a variety of investment strategies including investments in illiquid debt and equity assets across multiple sectors and global markets. The unobservable inputs used to determine fair value have been estimated based on the capital account balances reported by underlying partnerships subject to the private capital fund of funds management review and judgment.

Bond – Fixed income securities include but are not limited to global bonds, foreign currency, emerging market debt, convertibles, and securitized debt and bank loans. The fair value calculation of these funds is based primarily on readily available quoted or comparable market prices.

Real Assets – These funds consist of a diversified portfolio of commercial property and energy investments. The unobservable inputs used to determine fair value may include but are not limited to discounted cash flows, comparable asset analyses, third-party pricing services, and appraisals and bona fide offers.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Diversifying – These funds consist of domestic and international equities, which are proprietary, institutional index funds comprised of publicly traded corporate stock. These funds also consist of fixed income securities such as U.S. government securities and corporate bonds. Investing in collective funds provides diversification, dividend income, and growth potential to the overall portfolio. The fair value calculation of these funds is based on readily available quoted or comparable market prices.

The following is a summarization of the Level 3 significant unobservable inputs for the years ended June 30:

<u>Instrument</u>	<u>Fair Value 2025</u>	<u>Fair Value 2024</u>	<u>Principal Valuation Technique</u>	<u>Observable Inputs</u>
Beneficial Interest in Perpetual Trust	\$ 2,133,374	\$ 2,073,950	FMV of Trust Investments	Values of Underlying Assets

The following reconciles the Level 3 inputs of fair value measurements using significant unobservable inputs for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Balance - Beginning of Year	\$ 2,073,950	\$ 1,915,631
Investment Income	59,424	158,319
Balance - End of Year	<u>\$ 2,133,374</u>	<u>\$ 2,073,950</u>

Investment fees totaled \$163,405 and \$142,250 for the years ended June 30, 2025 and 2024, respectively. Net investment income at June 30 consisted of the following:

	<u>2025</u>	<u>2024</u>
Interest and Dividend Income	\$ 380,400	\$ 328,232
Unrealized Gain on Investments	7,361,219	5,722,982
Unrealized Gain on Beneficial Interest	59,424	158,319
Realized Gain on Investments	1,492,411	1,781,601
Investment Fees	(163,405)	(142,250)
Total	<u>\$ 9,130,049</u>	<u>\$ 7,848,884</u>

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 TRUST FUNDS HELD BY THIRD PARTIES

The Foundation is a beneficiary of the earnings and corpus from the Davis Trust, a perpetual trust held by a third party, which is administered by an outside management trust company. Earnings are transmitted to the University annually to cover scholarships for students of the University.

Unrealized gains are reinvested with donor-restricted net assets. The financial statements reflect the fair value of the Davis Trust assets at June 30, 2025 and 2024, in the amount of \$2,133,374 and \$2,073,950, respectively. The Davis Trust generated an unrealized gain of \$59,424 and \$158,319 for the years ended June 30, 2025 and 2024, respectively.

NOTE 6 NOTES PAYABLE

The Foundation has an unsecured line of credit with Glacier Bank valued at \$500,000. The line of credit bears interest at 8.25%. There was no outstanding balance as of June 30, 2025. The line of credit is subject to renewal on May 6, 2026.

In June 2020, the Foundation entered into a finance agreement for a new software subscription in which the lender pays the software vendor directly and the Foundation began paying back the lender in July 2021. The agreement requires 12 quarterly payments of \$22,532 and matured in June 2024. The balance remaining on the loan was \$-0- and \$90,128 as of June 30, 2025 and 2024, respectively.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

The Foundation is subject to certain provisions of the Montana Code Annotated, which specifies that a charitable organization may only issue a “qualified charitable gift annuity” if it meets the following statutory requirements on the date of the annuity agreement:

- Has a minimum of \$300,000 net worth or has a minimum of \$100,000 in undesignated cash, cash equivalents, or publicly traded securities, exclusive of the assets funding the annuity agreement;
- Has been in continuous operation for at least three years or is a successor or affiliate of a charitable organization that has been in continuous operation for at least three years; and
- Maintains a separate annuity fund with at least one-half the value of the initial amount transferred for outstanding annuities.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Donor-restricted net assets exist for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose or the Foundation's Spending Policy and Appropriation:		
Scholarships	\$ 17,427,102	\$ 17,018,646
Professorships	7,847,524	6,937,697
Departments	6,901,569	6,486,259
Other	4,324,824	4,333,871
Excellence in Engineering	655,500	567,395
Total	<u>37,156,519</u>	<u>35,343,868</u>
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor:		
Scholarships	\$ 56,525,199	46,459,025
Professorships	13,324,225	13,292,746
Departments	9,788,726	9,319,948
Excellence in Engineering	598,139	598,139
Subtotal	<u>80,236,289</u>	<u>69,669,858</u>
Beneficial Interest in Perpetual Trust	<u>2,133,374</u>	<u>2,073,950</u>
Total Amounts Held in Perpetuity	<u>82,369,663</u>	<u>71,743,808</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 119,526,182</u></u>	<u><u>\$ 107,087,676</u></u>

NOTE 8 BOARD-DESIGNATED NET ASSETS

Board-designated net assets consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Legacy Endowment	\$ 846,084	\$ 808,874
Class of 2004 Endowment	17,489	16,656
Rae Farrell Memorial Endowed Nursing Scholarship	8,382	7,804
SageStrong Sage Lindsay Memorial Scholarship Endowment	7,236	6,737
Lee LaBreche Memorial Endowed Scholarship	6,756	6,290
40th Anniversary Environmental Engineering Endowed Scholarship	6,478	6,031
Kristen Knudsen Memorial Endowed Scholarship	2,629	2,448
Appleman, Waring, James Environmental Endowed Scholarship	1,971	1,890
Ralph and Arlene Vosdingh	6,301	877
Total	<u><u>\$ 903,326</u></u>	<u><u>\$ 857,607</u></u>

The Legacy Endowment was established by the board in 2008 to support future operations of the Foundation.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 ENDOWMENT NET ASSETS

The state of Montana adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective May 31, 2007. The Foundation accounts for the endowment in accordance with accounting principles generally accepted in the United States of America. This provides guidance on the net assets classification of donor-restricted endowment funds for a nonprofit organization that is subject to UPMIFA.

The Foundation's endowment consists of one fund managed by Common Fund. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation board has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MUPMIFA.

In accordance with MUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 ENDOWMENT NET ASSETS (CONTINUED)

Interpretation of Relevant Law (Continued)

Endowment net asset composition by type of fund as of June 30, are as follows:

	2025			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Perpetually Restricted	
Donor-Restricted Endowment	\$ -	\$ 20,415,702	\$ 80,236,289	\$ 100,651,991
Board-Restricted Endowment	903,326	-	-	903,326
Total	<u>\$ 903,326</u>	<u>\$ 20,415,702</u>	<u>\$ 80,236,289</u>	<u>\$ 101,555,317</u>
				-
	2024			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Perpetually Restricted	
Donor-Restricted Endowment	\$ -	\$ 15,122,317	\$ 69,669,858	\$ 84,792,175
Board-Restricted Endowment	857,607	-	-	857,607
Total	<u>\$ 857,607</u>	<u>\$ 15,122,317</u>	<u>\$ 69,669,858</u>	<u>\$ 85,649,782</u>

Changes in net asset composition by type of fund for the years ended June 30, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
	Board- Restricted		
Endowment Net Assets - June 30, 2023	\$ 758,854	\$ 68,226,043	\$ 68,984,897
Net Appreciation	182,716	9,610,428	9,793,144
Contributions	-	2,364,937	2,364,937
Transfers	-	9,525,775	9,525,775
Gift Fees	(48,961)	(106,210)	(155,171)
Appropriation for Expenditure (4%)	(23,335)	(2,167,137)	(2,190,472)
Expenditures from Direct Spending	-	(1,571,001)	(1,571,001)
Appropriation for Fees	<u>(11,667)</u>	<u>(1,090,660)</u>	<u>(1,102,327)</u>
Endowment Net Assets - June 30, 2024	857,607	84,792,175	85,649,782
Net Appreciation	83,225	8,778,611	8,861,836
Contributions	-	10,549,330	10,549,330
Transfers	1,469	587,864	589,333
Gift Fees	-	(130,807)	(130,807)
Appropriation for Expenditure (4%)	(25,909)	(2,615,688)	(2,641,597)
Appropriation for Fees (2%)	<u>(13,066)</u>	<u>(1,309,494)</u>	<u>(1,322,560)</u>
Endowment Net Assets - June 30, 2025	<u>\$ 903,326</u>	<u>\$ 100,651,991</u>	<u>\$ 101,555,317</u>

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 ENDOWMENT NET ASSETS (CONTINUED)

Underwater Endowments

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 MUPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies for the years ended June 30, 2025 and 2024.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets invested with Common Fund to achieve growth in principal value while seeking to maintain the purchasing power of the endowment assets. These assets include donor- restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The absolute objective of the pool is to earn a return sufficient to preserve the purchasing power of the pool for generations to come, as well as to provide for the current spending needs. The objective is to seek an average total annual return that exceeds the spending rate plus fees and inflation.

The relative objective of the pool is to seek competitive investment performance versus appropriate capital market measures, such as securities indices. This objective shall be measured primarily by comparing investment results, reviewed quarterly by the Finance and Investment Committee.

Strategies Employed for Achieving Objectives

The assets will be managed on a total return basis. While the Foundation recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the pool's best interest on a risk-adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the pool is exposed. The objective is to minimize operational risks and require appropriate compensation for investment risks which the pool is willing to accept.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Montana Technological University Foundation distributes funds from the endowment using the following methodology: 1% of the endowment's average market value at the end of the preceding 12 quarters starting with December 31 of the preceding fiscal year, is reserved for distribution at the end of the quarter to reach an annualized distribution of 4%. An additional 1/2% of the endowment's market value is reserved for an administrative fee at the end of the quarter to reach an annualized fee of 2%. It is understood that the total return basis for calculating spending is sanctioned by UPMIFA, under which guidelines the institution is permitted to spend an amount in excess of the current yield (interest and dividends earned), including realized or unrealized appreciation. The Foundation expects the current spending policy to allow its endowment to grow.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 RELATED-PARTY TRANSACTIONS

The Foundation has executed an Operating Agreement with the University for the purpose of establishing the relationships between the entities and facilitating the accomplishment of their mutual goals. Pursuant to the contract terms, the Foundation agrees to 1) handle the fundraising activities for the University; 2) disburse the funds raised for its own operating costs and to benefit the University's programs in accordance with the donors' wishes; and 3) participate in University functions at the request of its chancellor. The Foundation paid \$47,843 and \$49,595 for the years ended June 30, 2025 and 2024, on behalf of the University for philanthropic activities by the vice-chancellor.

In consideration for the assumption of the enumerated responsibilities, the University agrees to provide the Foundation with various support services, including office space and equipment, utilities and maintenance, and other facilities or services as reasonably required. The University also agrees to transfer funds to the Foundation at such times and in such amounts as may be mutually agreeable.

The Foundation receives cash and noncash donations to support the programs, faculty, staff, and students of the University. During the fiscal years ended June 30, 2025 and 2024, the Foundation transferred a total of \$3,559,429 and \$4,383,922, respectively, to the University. At June 30, 2025 and 2024, there was a payable of \$510 and \$12,548, respectively owing to the University. The Foundation transferred \$386,523 and \$894,532 of nonfinancial distributions to the University in fiscal years 2025 and 2024, respectively.

At June 30, 2025 and 2024, the board of directors of the Foundation included seven nonmembers of the faculty and administration. The board of directors contributed \$237,758 and \$205,066 for the years ended June 30, 2025 and 2024, respectively. Of this amount, there was \$25,000 in receivables as of June 30, 2025 and 2024.

NOTE 11 LEGACIES IN PROCESS

The Foundation is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts will be recorded when clear title is established and the proceeds are measurable.

NOTE 12 RETIREMENT PLAN

The Foundation contributes to a 403(b) defined contribution plan (Plan) on behalf of its regular employees. Employees are eligible to participate immediately upon employment unless they are a student or temporary employee. Upon completion of six consecutive months of employment, the Foundation matches qualified employee contributions at 11% of the employees' adjusted gross salary. For fiscal years 2025 and 2024, the Foundation contributed \$109,429 and \$71,572 to the Plan, respectively.

The Foundation's eligible employees can contribute to the Foundation's 403(b) tax deferred annuity plan. Students and temporary employees who work less than 20 hours per week are not eligible to participate in the plan. As of June 30, 2025 and 2024, the Foundation has not contributed to the 403(b) plan.

MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 RISKS AND UNCERTAINTIES

The Foundation provided for various investments in stocks and other investment securities. Investment securities, in general, are exposed to various risks, such as significant world events, interest rate, credit, and overall market volatility. The Foundation may invest in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities, including securities backed by subprime mortgage loans. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 14 CONTINGENCIES

Legal and regulatory proceedings – The Foundation is subject to legal and regulatory matters that arise from time to time in the ordinary course of business. Management currently believes that resolving such matters, individually or in the aggregate, will not have a material adverse effect on the Foundation's financial position, results of operations, or cash flows. However, these matters are subject to inherent uncertainties and management's view may change in the future.

NOTE 15 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities includes the following:

	2025	2024
Art - Works of Art	\$ -	\$ 21,695
Books and Publications	-	50
Clothing and Other Household Goods	12	166
Cars and Other Vehicles	11	9,900
Collectibles	56	9,411
Equipment	9	298,549
Food Inventory	2	1,240
Gift Baskets	2	2,933
Gift Certificates	267	1,463
Hotel Stays	10,003	1,006
Services	2	4,878
Software	-	-
Supplies	5	3,647
Tickets, Events, and Green Fees	-	5,111
Total	<u>\$ 10,369</u>	<u>\$ 360,049</u>

**MONTANA TECHNOLOGICAL UNIVERSITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 15 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

During the year ended June 30, 2024, the Foundation received one significant contribution of mining maps and artifacts. The Foundation acted as an intermediary for the transaction between the donor and the University but did not take possession of the assets. As such, the Foundation recorded the value of the nonfinancial contribution as \$1 and is included in collectibles.

Contributed nonfinancial assets are typically transferred directly to the University, or are used as fundraising support to generate contributions. These contributions were utilized by the University for their programs and the Foundation.

