



**THE MAUREEN AND MIKE
MANSFIELD FOUNDATION**

FINANCIAL REPORT

June 30, 2011



THE MAUREEN AND MIKE MANSFIELD FOUNDATION

Promoting Understanding and Cooperation in U.S.-Asia Relations since 1983

www.mansfieldfdn.org
info@mansfieldfdn.org

MANAGEMENT'S CERTIFICATION STATEMENT

WASHINGTON, DC
1401 New York Ave., NW
Suite 740
Washington, DC 20005-2102
Tel: 202-347-1994
Fax: 202-347-3941

MISSOULA, MT
4th Floor, Mansfield Library
The University of Montana
Missoula, MT 59812-9976
Tel: 406-243-2215
Fax: 406-243-2181

TOKYO, JAPAN
Nakata Mac Toranomom
Building 1F
1-1-10 Atago, Minato-ku,
Tokyo 105-0002
Tel: 81-3-5403-7228
Fax: 81-3-5403-2766

Primary responsibility for the integrity and objectivity of the Maureen and Mike Mansfield Foundation's financial statements rests with Management. The financial statements report on Management's stewardship of Foundation assets and are prepared in conformity with generally accepted accounting principles.

We prepared the accompanying financial statements that were audited by the certified public accounting firm of Anderson ZurMuehlen & Co., P.C. To the best of our knowledge, the financial statements do not contain any misstatements or omissions of material facts. In our opinion, the information included in these financial statements fairly presents in all material respects the Foundation's financial condition.

September 10, 2011

L. Gordon Flake
Executive Director

Elizabeth A. Oleson, CPA
Fiscal Affairs Director

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 and 2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3 and 4
Statements of Activities	5 and 6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 to 20
SUPPLEMENTAL INFORMATION	21
Schedule of Functional Expenses	22 and 23
Schedule of Expenditures of Federal Awards.....	24
Notes to Schedule of Expenditures of Federal Awards	25
Schedule of Indirect Cost Rate Computation.....	26 to 28
SINGLE AUDIT SECTION	29
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	30 and 31
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	32 and 33
Schedule of Findings and Questioned Costs.....	34 and 35
Summary Schedule of Prior Audit Findings	36



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Maureen and Mike Mansfield Foundation
Mansfield Library, 4th Floor
The University of Montana
Missoula, Montana

We have audited the accompanying statements of financial position of The Maureen and Mike Mansfield Foundation (the "Foundation") (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Maureen and Mike Mansfield Foundation as of June 30, 2011 and 2010, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2011 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The accompanying schedules of indirect rate computation, as required by the U.S. Department of State, and functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Anderson Zurmuehlen & Co., P.C.

Helena, Montana
September 10, 2011

FINANCIAL STATEMENTS

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and temporary investments	\$ 481,095	\$ 356,474
Receivables:		
Accrued interest	36,112	11,993
Grants	135,792	359,546
Prepaid expenses and other current assets	<u>312,694</u>	<u>261,826</u>
Total current assets	<u>965,693</u>	<u>989,839</u>
INVESTMENT SECURITIES	<u>9,562,556</u>	<u>8,571,619</u>
PROPERTY AND EQUIPMENT, at cost		
Leasehold improvements	167,885	167,885
Furniture and equipment	<u>236,898</u>	<u>232,673</u>
	404,783	400,558
Less accumulated depreciation	<u>381,354</u>	<u>364,501</u>
Net property and equipment	<u>23,429</u>	<u>36,057</u>
Total assets	<u>\$ 10,551,678</u>	<u>\$ 9,597,515</u>

The Notes to Financial Statements are an integral part of these statements.

LIABILITIES	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Accounts payable	\$ 241,831	\$ 222,548
Accrued expenses	326,524	290,085
Due to The University of Montana	-	16,293
Deferred revenue	20,000	25,000
Refundable grant advances	<u>128,043</u>	<u>267,555</u>
Total current liabilities	<u>716,398</u>	<u>821,481</u>
NET ASSETS		
Unrestricted:		
Operating	(233,292)	(113,919)
Board designated for the endowment	<u>166,517</u>	<u>166,517</u>
Total unrestricted	<u>(66,775)</u>	<u>52,598</u>
Temporarily restricted:		
Endowment temporarily restricted net assets	<u>4,176,212</u>	<u>2,997,593</u>
Permanently restricted		
	<u>5,725,843</u>	<u>5,725,843</u>
	<u>9,835,280</u>	<u>8,776,034</u>
 Total liabilities and net assets	 <u>\$ 10,551,678</u>	 <u>\$ 9,597,515</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 STATEMENTS OF ACTIVITIES
 Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
Revenue and support:		
Interest on temporary cash investments	\$ 255	\$ 345
Grant revenue	1,986,923	1,865,817
Unrestricted contributions	97,900	23,750
Corporate affiliate fees	45,000	65,000
Program fees and contract revenue	242,738	204,813
Board appropriated allocations to endowment	-	500
Other income	<u>12,317</u>	<u>9,841</u>
	2,385,133	2,170,066
Net assets released from restrictions	<u>1,060,907</u>	<u>1,083,676</u>
Total unrestricted revenue and support	<u>3,446,040</u>	<u>3,253,742</u>
Program expenses:		
Maureen and Mike Mansfield Center at The University of Montana:		
Mansfield Conferences	38,348	37,015
Asian Exchanges/Training	23,227	73,387
Teaching, Research, and Public Education	<u>144,017</u>	<u>100,458</u>
	<u>205,592</u>	<u>210,860</u>
Mansfield Foundation:		
Mike Mansfield Fellowship Program	1,997,144	1,928,231
Asian Exchanges/Training	853,485	489,089
Montana Programs	30,702	7,260
Asian Opinion Poll Database	11,270	14,541
Miscellaneous Programs	<u>74,442</u>	<u>157,348</u>
	<u>2,967,043</u>	<u>2,596,469</u>
Total program expenses	<u>3,172,635</u>	<u>2,807,329</u>

The Notes to Financial Statements are an integral part of these statements.

	<u>2011</u>	<u>2010</u>
General and administrative expenses:		
Salaries and payroll	439,600	371,118
Office	177,611	181,706
Insurance	10,277	10,411
Repairs and maintenance	608	1,195
Travel	25,770	11,709
Board meetings/travel	11,728	5,799
Professional fees	113,565	109,793
UM Administrative Assessment	6,495	8,547
Advertising/Recruitment	-	38
Hospitality and program development	15,274	8,719
Depreciation	17,401	18,796
Miscellaneous	662	232
Total general and administrative expenses	<u>818,991</u>	<u>728,063</u>
Less indirect costs allocated to programs	<u>(544,803)</u>	<u>(492,479)</u>
	<u>274,188</u>	<u>235,584</u>
Fundraising expenses	<u>118,590</u>	<u>102,067</u>
Total expenses	<u>3,565,413</u>	<u>3,144,980</u>
Change in unrestricted net assets	<u>(119,373)</u>	<u>108,762</u>
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted support	560,342	405,134
Endowment interest and dividend income	538,996	925,848
Endowment realized and unrealized gains on investments	1,140,188	77,638
Endowment investment income (loss)	-	-
Net assets released from restrictions	<u>(1,060,907)</u>	<u>(1,083,676)</u>
Increase (decrease) in temporarily restricted net assets	1,178,619	324,944
Change in net assets	1,059,246	433,706
Net assets at the beginning of the year	<u>8,776,034</u>	<u>8,342,328</u>
Net assets at the end of the year	<u>\$ 9,835,280</u>	<u>\$ 8,776,034</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,059,246	\$ 433,706
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Depreciation	17,401	18,796
Realized and unrealized (gains) losses on investments	(1,140,188)	(77,638)
Change in assets and liabilities:		
Change in operating assets:		
Receivables	199,635	(315,618)
Prepaid expenses and other assets	(50,868)	145,929
Change in operating liabilities:		
Accounts payable	2,990	17,580
Accrued expenses	36,439	49,452
Deferred revenue	(5,000)	(10,000)
Refundable grant advances	(139,512)	(28,544)
Net cash flows from operating activities	<u>(19,857)</u>	<u>233,663</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment securities	12,753,745	5,799,370
Purchase of investment securities	(12,604,494)	(5,946,683)
Purchase of property and equipment	(4,773)	(25,622)
Net cash flows from investing activities	<u>144,478</u>	<u>(172,935)</u>
 Net change in cash and temporary investments	 124,621	 60,728
CASH AND TEMPORARY INVESTMENTS, Beginning of year	 <u>356,474</u>	 <u>295,746</u>
CASH AND TEMPORARY INVESTMENTS, End of year	 <u>\$ 481,095</u>	 <u>\$ 356,474</u>
NON-CASH INVESTING AND FINANCING ACTIVITY:		
Contract receivable and payable	<u>\$ -</u>	<u>\$ (137,710)</u>

The Notes to Financial Statements are an integral part of these statements.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1. BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The Maureen and Mike Mansfield Foundation (the "Foundation"), a nonprofit corporation licensed by the State of Montana, was established to pay tribute to Maureen and Mike Mansfields' distinguished careers. The corporate office is located in Missoula, Montana. The Foundation sponsors and organizes programs to improve understanding and relations among the peoples of the Pacific area. The Mansfield Foundation program offices are in Washington, D.C. and Tokyo, Japan. The Foundation also provides support to the Maureen and Mike Mansfield Center at The University of Montana, for teaching, research, and public education on modern Asian affairs and on ethical questions in public policy. It is located in Missoula, Montana.

Basis of Financial Statement Presentation and Accounting Estimates:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board (FASB). The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Promises to Give:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grant awards are classified as refundable advances until expended for the purposes of the grant.

Contributions receivable represent conditional promises to give where the condition has been satisfied, but the money has not yet been received.

Restricted and Unrestricted Revenue and Support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires or is met through expenditure or board appropriation of endowment funds, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Designated Unrestricted Net Assets:

The Board has designated a portion of unrestricted net assets for endowment purposes.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 1. BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Temporary Investments:

For purposes of the statement of cash flows, cash and temporary investments include all checking, savings and money market accounts, cash equivalent funds with brokers, and certificates of deposit with an original maturity of three months or less. At June 30, 2011 and 2010, there were no bank deposits exceeding the FDIC insured limit. However, \$455,133 of cash equivalent funds with brokers were not insured.

Investment Securities:

The Foundation carries its marketable equity and debt securities at fair value. Interest and dividends subject to donor restrictions are reported as increases in temporarily restricted net assets. When the restrictions are met or endowment funds are appropriated by the Board, they are reclassified to unrestricted net assets.

Depreciation:

Leasehold improvements, furniture, fixtures and equipment are stated at cost. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	19 years
Furniture, fixtures and equipment	3-10 years

The Foundation capitalizes all purchases over \$500 where the asset acquired provides benefit to future periods.

Deferred Revenue:

The Foundation administers a Corporate Affiliate Program (CAP). CAP members attend various programs sponsored by the Foundation as a benefit of their membership. The CAP membership year runs from January to December and the majority of the members pay their annual fee in January. Fees paid prior to June 30 relating to the remainder of the calendar year are treated as deferred revenue.

Contributed Services:

The Foundation receives the services of members of the Board of Directors without compensation. These contributions are not reflected in the accompanying financial statements.

Professional services are provided to the Foundation at less than their fair market value. In-kind contribution support and in-kind expenses are recorded for the difference between the fair value of the services and the amount charged to the Foundation.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 1. BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Fee and Contract Revenue:

The Foundation provides training to Chinese officials. The revenues from this training are treated as program fees in the accompanying financial statements. During fiscal years 2011 and 2010, the Science Applications International Corporation (SAIC) awarded the Foundation a Department of Defense subcontract. The revenues from this subcontract are treated as contract revenue.

Functional Allocation of Expenses:

The costs of the Foundation's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fundraising Expenses:

Fundraising expenses represent the Foundation's grant writing and contribution solicitation efforts.

Income Taxes:

The Foundation is exempt from federal income taxes under Section 501(c) of the Internal Revenue Code as an organization described in Section 501(c)(3); therefore, no liability for federal income taxes has been recorded.

With few exceptions, the Foundation is no longer subject to examinations by federal or state tax authorities for years before 2008.

Foreign Currency Transactions:

The Foundation pays some of its expenses in yen. A foreign currency transaction gain or loss is recorded for any material changes in the dollar-yen exchange rate between the time the transaction is recorded or entered into and the time it is paid or June 30, whichever occurs first. The foreign currency transaction gains incurred during 2011 and 2010 were \$4,596 and \$4,858, respectively.

Subsequent Events:

Management has evaluated subsequent events through September 10, 2011, the date which the financial statements were available for issue.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 2. INVESTMENT SECURITIES

In accordance with generally accepted accounting standards, the Foundation uses a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The three levels in the hierarchy used to measure fair values are:

Basis of Fair Value Measurement:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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.

The Foundation's policy for determining the timing of significant transfers between levels 1 and 2 is at the end of the reporting period.

Mutual funds are valued at the net asset value (NAV) of shares held by the Foundation at year end. Debt securities are valued at the discounted value of all known future cash flows. Investments in marketable equity securities are stated at fair value based on quoted market prices in active markets. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Cost and fair value of marketable securities at June 30, 2011 and 2010 are as follows:

Description	June 30, 2011	Quoted Prices	Significant	Significant
		in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity Securities	\$ -	\$ -	\$ -	\$ -
Large Cap Value	1,638,240	1,638,240	-	-
Large Cap Growth	866,402	866,402	-	-
Small-Mid Cap	609,034	609,034	-	-
Equity Mutual Funds	611,319	611,319	-	-
Real Estate	412,194	412,194	-	-
International	1,631,207	1,631,207	-	-
Debt Securities				
Fixed Income Mutual Funds	718,095	718,095	-	-
Government and Agency Securities	2,484,774	-	2,484,774	-
Hedged Mutual Funds	499,471	499,471	-	-
Commodity Mutual Fund	91,820	-	91,820	-
Total Assets	\$ 9,562,556	\$ 6,985,962	\$ 2,576,594	\$ -

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

Description	June 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities	\$ -	\$ -	\$ -	\$ -
Large Cap Value	2,108,227	2,108,227	-	-
Large Cap Growth	1,893,708	1,893,708	-	-
Small-Mid Cap	228,756	228,756	-	-
International	602,143	602,143	-	-
Debt Securities				
Fixed Income Mutual Funds	1,536,450	1,536,450	-	-
Government and Agency Securities	<u>2,202,335</u>	-	<u>2,202,335</u>	-
Total Assets	<u>\$ 8,571,619</u>	<u>\$ 6,369,284</u>	<u>\$ 2,202,335</u>	<u>\$ -</u>

The net unrealized appreciation (depreciation) of the investments is summarized as follows:

	COST	FAIR VALUE	NET UNREALIZED APPRECIATION (DEPRECIATION)
2011:			
Equity securities	\$ 5,710,153	\$ 5,768,396	\$ 58,243
Debt securities	3,166,893	3,202,869	35,976
Alternative securities	<u>600,000</u>	<u>591,291</u>	<u>(8,709)</u>
	<u>\$ 9,477,046</u>	<u>\$ 9,562,556</u>	<u>\$ 85,510</u>
2010:			
Equity securities	\$ 4,887,204	\$ 4,832,834	\$ (54,370)
Debt securities	<u>3,501,059</u>	<u>3,738,785</u>	<u>237,726</u>
	<u>\$ 8,388,263</u>	<u>\$ 8,571,619</u>	<u>\$ 183,356</u>

The following summarizes the investment return and its classification in the statements of activities:

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
2011:			
Interest and dividend income	\$ -	\$ 538,996	\$ 538,996
Realized and unrealized gains/(losses)	-	<u>1,140,188</u>	<u>1,140,188</u>
Total investment return	<u>\$ -</u>	<u>\$ 1,679,184</u>	<u>\$ 1,679,184</u>
2010:			
Interest and dividend income	\$ -	\$ 925,848	\$ 925,848
Realized and unrealized gains/(losses)	-	<u>77,638</u>	<u>77,638</u>
Total investment return	<u>\$ -</u>	<u>\$ 1,003,486</u>	<u>\$ 1,003,486</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

Investments with an unrealized loss position at June 30:

	<u>Less than 12 months</u>		<u>12 months or more</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
2011:						
Description of securities:						
Equity securities	\$ 2,633,553	\$ (188,365)	\$ -	\$ -	\$ 2,633,553	\$ (188,365)
Debt securities	559,569	(7,701)	-	-	559,569	(7,701)
Alternative securities	591,291	(8,709)	-	-	591,291	(8,709)
	<u>\$ 3,784,413</u>	<u>\$ (204,775)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,784,413</u>	<u>\$ (204,775)</u>
2010:						
Description of securities:						
Equity securities	\$ 1,247,352	\$ (167,437)	\$ 1,324,506	\$ (147,193)	\$ 2,571,858	\$ (314,630)
Debt securities	12,898	(2)	-	-	12,898	(2)
	<u>\$ 1,260,250</u>	<u>\$ (167,439)</u>	<u>\$ 1,324,506</u>	<u>\$ (147,193)</u>	<u>\$ 2,584,756</u>	<u>\$ (314,632)</u>

The tables above show the Foundation's investment security unrealized losses and fair values, aggregated by investment category and length of time that the individual securities have been in continuous unrealized loss position at June 30, 2011 and 2010. One hundred fifty-two (152) and one hundred thirty-two (132) securities are in an unrealized loss position as of June 30, 2011 and 2010, respectively. The Foundation utilizes a professional investment manager to oversee its investment portfolio and make changes as they see fit, including the disposition of any investments they deem to be permanently impaired.

A significant portion of the Foundation's investments are subject to the risk of value fluctuation that is inherent in the market. As such, the value of the Foundation's assets may change frequently. To help manage this risk, the Foundation's professional investment managers oversee the Foundation's portfolio and monitor its performance.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2011 and 2010

NOTE 3. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by board appropriation of endowment funds, or by the expiration of time.

	<u>2011</u>	<u>2010</u>
Board appropriation of endowment funds	\$ <u>515,337</u>	\$ <u>678,542</u>
Purpose restrictions accomplished:		
Maureen and Mike Mansfield Center at The University of Montana:		
Mansfield Conferences	12,000	12,300
Teaching, Research, and Public Education	100	7,165
Foundation Programs:		
Mike Mansfield Fellowship Program, non-federal support	68,271	51,145
Operations	16,208	-
Asian Opinion Poll Database	2,279	11,564
Miscellaneous Programs	<u>446,712</u>	<u>322,960</u>
	<u>545,570</u>	<u>405,134</u>
Total Net Assets Released from Restrictions	\$ <u>1,060,907</u>	\$ <u>1,083,676</u>

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2011</u>	<u>2010</u>
Endowment appropriations	\$ <u>4,176,212</u>	\$ <u>2,997,593</u>

NOTE 5. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2011</u>	<u>2010</u>
The programs and operations of the Foundation	\$ 5,325,893	\$ 5,325,893
Conferences and retreats of The Maureen and Mike Mansfield Center at The University of Montana	250,000	250,000
Maureen and Mike Mansfield Center at The University of Montana	100,000	100,000
Asian studies at The University of Montana	<u>49,950</u>	<u>49,950</u>
	<u>\$ 5,725,843</u>	<u>\$ 5,725,843</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 6. ENDOWMENT NET ASSETS

At June 30, 2011, the Foundation's endowment is managed by Goldman Sachs. 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's 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 accordance with MUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>2011:</u>				
Donor restricted funds	\$ -	\$ 4,176,212	\$ 5,725,843	\$ 9,902,055
Board designated funds	<u>166,517</u>	<u>-</u>	<u>-</u>	<u>166,517</u>
Total funds	<u>\$ 166,517</u>	<u>\$ 4,176,212</u>	<u>\$ 5,725,843</u>	<u>\$ 10,068,572</u>
<u>2010:</u>				
Donor restricted funds	\$ -	\$ 2,997,593	\$ 5,725,843	\$ 8,723,436
Board designated funds	<u>166,517</u>	<u>-</u>	<u>-</u>	<u>166,517</u>
Total funds	<u>\$ 166,517</u>	<u>\$ 2,997,593</u>	<u>\$ 5,725,843</u>	<u>\$ 8,889,953</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 6. ENDOWMENT NET ASSETS (CONTINUED)

Changes in net asset composition by type of fund for the years ended June 30, 2010 and 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2009	\$ 166,017	\$ 2,672,649	\$ 5,725,843	\$ 8,564,509
Investment return:				
Investment income	-	925,848	-	925,848
Net appreciation	<u>-</u>	<u>77,638</u>	<u>-</u>	<u>77,638</u>
Total investment return	<u>-</u>	<u>1,003,486</u>	<u>-</u>	<u>1,003,486</u>
Contributions	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
Appropriation for expenditure	<u>-</u>	<u>(678,542)</u>	<u>-</u>	<u>(678,542)</u>
Endowment net assets, June 30, 2010	<u>166,517</u>	<u>2,997,593</u>	<u>5,725,843</u>	<u>8,889,953</u>
Investment return:				
Investment income	-	538,996	-	538,996
Net appreciation	<u>-</u>	<u>1,140,188</u>	<u>-</u>	<u>1,140,188</u>
Total investment return	<u>-</u>	<u>1,679,184</u>	<u>-</u>	<u>1,679,184</u>
Contributions	<u>-</u>	<u>14,772</u>	<u>-</u>	<u>14,772</u>
Appropriation for expenditure	<u>-</u>	<u>(515,337)</u>	<u>-</u>	<u>(515,337)</u>
Endowment net assets, June 30, 2011	<u>\$ 166,517</u>	<u>\$ 4,176,212</u>	<u>\$ 5,725,843</u>	<u>\$ 10,068,572</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2010 or 2011.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 6. ENDOWMENT NET ASSETS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The general investment objective is to provide a reasonable current rate of return as well as the potential for long-term growth of income to maintain the purchasing power of the fund over the longer term. The minimum annual target rate of return is four percentage points over the rate of inflation as measured by the consumer price index, measured over a five year market cycle. The target annual total rate of return is eight percent on market, also as measured over a three to five year market cycle. The Foundation expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board and to grow equity assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Endowment assets are to be invested in stock and/or bond funds and/or certificates of deposit, augmented by bank and mutual savings bank accounts for short-term holdings.

During fiscal year 2011, the Foundation changed investment managers and modified its investment policy to permit a limited amount of alternative investments (hedge funds, private equity, structured notes, real estate funds and commodity-based mutual funds).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of the rolling average of the previous twelve quarters' market values of the funds at the end of the calendar year to support operations. Should the investment portfolio experience two years growth of 8% or more, the endowment spending policy will be amended to spending 3% less than the endowment growth rate or 5%, whichever is more, but never exceeding 7.0 % (calculated on the preceding twelve-quarter rolling average fair market value of the endowment). The fiscal 2011 and 2010 distributions were reduced to 4.5%.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 7. LEASE OBLIGATIONS

The Foundation leases office space under operating lease agreements. Rent expense for fiscal 2011 and 2010 was \$194,041 and \$209,542, respectively. Minimum future lease commitments are:

	<u>Amount</u>
2012	\$ 142,265
2013	158,781
2014	162,747
2015	166,810
2016	<u>13,929</u>
Total minimum lease payments	<u>\$ 644,532</u>

The lease contains a renewal option which would extend the lease for an additional 5-year period.

NOTE 8. RETIREMENT PLAN

The Foundation contributes 7.5% of full-time domestic employees' salaries to individual annuity contracts. Full-time employees are eligible to participate in the contributory plan after six months of employment. The retirement plan expense was \$41,477 and \$39,648 for fiscal years 2011 and 2010, respectively.

The Foundation accrues deferred compensation in lieu of currently contributing to retirement benefits for full-time Japanese employees. Accrued deferred compensation was \$226,588 and \$189,662 at June 30, 2011 and 2010, respectively, and is included in accrued expenses on the statement of financial position.

NOTE 9. RELATED PARTY TRANSACTIONS

The University of Montana (the "University") provides the Foundation with office space, certain computer services, and other related items at below market rates. This nonmonetary contribution, which is not considered material to the financial statements of the Foundation taken as a whole, is not reflected in the accompanying financial statements.

The activities of the Foundation's Maureen and Mike Mansfield Center at The University of Montana (the Center) include educational programs and conferences at the University. The Center Director reports to the Provost of the University and is accountable to the Foundation's Board of Directors for Foundation grant funds received.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2011 and 2010

NOTE 9. RELATED PARTY TRANSACTIONS (CONTINUED)

At June 30, 2011, the Foundation prepaid the University \$16,549 and at June 30, 2010, the Foundation owed the University \$16,293, for reimbursement of expenses.

The accompanying financial statements include \$12,000 and \$12,300 cash and in-kind support received by the Foundation in fiscal years 2011 and 2010, respectively, from the University and its foundation in support of the Center's conferences and teaching and research activities.

Some of the University's support for the Center's activities is not paid directly to the Foundation. The portion of the cost-sharing support provided by the University is not included in the accompanying financial statements. Total identifiable cost-sharing support by the University amounted to \$117,244 and \$116,816 in 2011 and 2010, respectively, for teaching and research.

NOTE 10. CONTINGENCY

The Foundation receives significant funding to support the Mike Mansfield Fellowship Program from the U.S. Department of State. Expenses charged to this program, including indirect costs, are subject to review and approval by the U.S. Department of State.

Indirect costs were charged to federal programs as a percentage of direct expenses. The actual indirect cost rates were 20.06% and 21.49% in fiscal 2011 and 2010, respectively. The indirect costs charged to the U.S. Department of State during fiscal 2011 were:

<u>CONTRACT #</u>	<u>RATE</u>
S-ECAPE-09-GR-074SM	.17%
S-ECAPE-10-GR-116(KF)	18.00%

The 2010 rates received final approval by the U.S. Department of State.

NOTE 11. CONTRIBUTED SERVICES

Contributed services are recorded in the statement of activities as in-kind contributions and in-kind expenses for the benefit of the following programs or activities:

	<u>2011</u>	<u>2010</u>
Mike Mansfield Fellowship Program	\$ <u>68,271</u>	\$ <u>51,145</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011 and 2010

NOTE 12. MAJOR REVENUE SOURCE AND CONCENTRATION OF CREDIT RISK

The Foundation is highly dependent upon federal funding to support its operations. Contained within revenue and support is \$1,833,957 and \$1,815,353 for fiscal 2011 and 2010, respectively, from the Department of State for the Mansfield Fellowship Program. This represents approximately 92% and 97% of grant revenue for fiscal 2011 and 2010, respectively, and approximately 53% and 56% of total unrestricted revenue and support in 2011 and 2010, respectively.

SUPPLEMENTAL INFORMATION

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

	PROGRAM SERVICES		
	FOUNDATION	UM	TOTAL
Compensation of officers, directors, etc.	\$ 160,397	\$ 15,201	\$ 175,598
Other salaries and wages	319,036	69,998	389,034
Other employee benefits	126,168	21,126	147,294
Payroll taxes	23,240	3,235	26,475
Accounting fees	7,000	-	7,000
Legal fees	825	-	825
Supplies	7,049	5,404	12,453
Telephone	966	15	981
Postage and shipping	831	29	860
Occupancy	95,522	-	95,522
Equipment rental and maintenance	594	-	594
Printing and publications	20,149	649	20,798
Travel	406,779	21,107	427,886
Conferences, conventions, and meetings	17,164	654	17,818
Depreciation	-	-	-
Financial management fees	-	-	-
Consultants/Prof. Svce/Honorariums	75,900	1,429	77,329
Non-employee salaries/taxes/benefits	364,138	-	364,138
Housing/Post/Education allowances	526,189	-	526,189
Language/Area Studies training	156,591	-	156,591
Receptions	91,518	1,679	93,197
Other expenses	14,442	4,537	18,979
Allocation of indirect costs	484,274	60,529	544,803
In-kind expenses	68,271	-	68,271
Total - 2011	<u>\$ 2,967,043</u>	<u>\$ 205,592</u>	<u>\$ 3,172,635</u>
Total - 2010	<u>\$ 2,596,469</u>	<u>\$ 210,860</u>	<u>\$ 2,807,329</u>

SUPPORTING SERVICES

OPERATIONS	FOUNDATION	UM	TOTAL	FUND RAISING	TOTAL 2011	TOTAL 2010
\$ 47,384	\$ 93,778	\$ 15,009	\$ 156,171	\$ 20,657	\$ 352,426	\$ 385,370
33,979	110,186	28,323	172,488	54,790	616,312	486,350
21,670	46,662	17,188	85,520	20,039	252,853	230,351
7,774	14,332	3,315	25,421	6,032	57,928	56,242
2,600	2,793	-	5,393	-	12,393	9,635
-	-	-	-	-	825	750
3,409	8,109	2,200	13,718	130	26,301	14,263
1,615	14,219	5,084	20,918	83	21,982	22,499
1,223	208	67	1,498	951	3,309	2,546
3,375	89,299	-	92,674	5,844	194,040	209,542
361	-	247	608	-	1,202	2,345
1,059	11,664	470	13,193	43	34,034	35,792
5,241	15,845	4,684	25,770	8,223	461,879	313,938
11,728	-	-	11,728	-	29,546	10,270
3,231	11,949	2,221	17,401	-	17,401	18,796
80,226	-	-	80,226	-	80,226	79,890
26,446	-	-	26,446	-	103,775	89,568
-	-	-	-	-	364,138	443,945
-	-	-	-	-	526,189	398,210
-	-	-	-	-	156,591	145,316
10,299	3,331	1,644	15,274	1,798	110,269	72,142
9,660	36,574	6,810	53,044	-	72,023	66,075
(129,319)	(354,955)	(60,529)	(544,803)	-	-	-
1,500	-	-	1,500	-	69,771	51,145
<u>\$ 143,461</u>	<u>\$ 103,994</u>	<u>\$ 26,733</u>	<u>\$ 274,188</u>	<u>\$ 118,590</u>	<u>\$ 3,565,413</u>	<u>\$ 3,144,980</u>
<u>\$ 125,397</u>	<u>\$ 93,913</u>	<u>\$ 16,274</u>	<u>\$ 235,584</u>	<u>\$ 102,067</u>		

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

<u>FEDERAL GRANTOR</u> <u>/PROGRAM TITLE</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>CONTRACT</u> <u>NUMBER</u>	<u>EXPENDITURES</u>
U.S. Department of State: The Mike Mansfield Fellowship Program	19.012	S-ECAPE-09-GR-074SM S-ECAPE-10-GR-116KF	\$ 240,430 <u>1,593,527</u>
Total Federal expenditures			<u>\$ 1,833,957</u>

See Accompanying Notes.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

NOTE 1. BASIS OF ACCOUNTING

This schedule was prepared using the accrual basis of accounting which is the same method used to prepare the financial statements.

NOTE 2. RECONCILIATION TO STATEMENT OF ACTIVITIES

The following items reconcile federal expenditures for the Mike Mansfield Fellowship Program to program expenditures reported on the statement of activities for the year ended June 30, 2011:

Federal expenditures	\$ 1,833,957
In-kind contributions	68,271
Foundation expenditures	<u>94,916</u>
Total expenditures per statement of activities	<u>\$ 1,997,144</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 SCHEDULE OF INDIRECT COST RATE COMPUTATION
 Year Ended June 30, 2011

	<u>TOTAL</u>	<u>OPERATIONS</u>	<u>MAUREEN AND MIKE MANSFIELD CENTER AT THE UNIVERSITY OF MONTANA</u>	<u>FOUNDATION</u>
<u>INDIRECT COST RATE</u>				
Allowable indirect costs		\$ 135,256	\$ 76,906	\$ 516,632
Distribution base		\$ 3,489,705	\$ 184,312	\$2,575,831
Rate		<u>3.88%</u>	<u>41.73%</u>	<u>20.06%</u>
<u>DISTRIBUTION BASE*</u>				
Total expenses	\$ 3,694,732	\$ 272,780	\$ 261,218	\$3,160,734
Less: In-kind expenses incl. in indirect	(1,500)	(1,500)	-	-
Less: Total indirect expenses	<u>(936,081)</u>	<u>(141,961)</u>	<u>(116,156)</u>	<u>(677,964)</u>
Direct program costs	2,757,151	129,319	145,062	2,482,770
Less: in-kind direct program costs	(62,271)	-	-	(68,271)
Plus: unallowable costs	<u>336,606</u>	<u>136,024</u>	<u>39,250</u>	<u>161,332</u>
Distribution base before Centers' allowable IDC	3,025,486	265,343	184,312	2,575,831
Plus: Centers' allowable IDC	<u>464,219</u>	<u>-</u>	<u>76,906</u>	<u>387,313</u>
Distribution base after Centers' allowable IDC	<u>\$ 3,489,705</u>	<u>\$ 265,343</u>	<u>\$ 261,218</u>	<u>\$2,963,144</u>

* Costs unallowable as charges to federal grants are included in the distribution base as representing activities benefiting from the Organization's indirect costs.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF INDIRECT COST RATE COMPUTATION (CONTINUED)
Year Ended June 30, 2011

	OPERATIONS		
	TOTAL	UNALLOWABLE COSTS	ALLOWABLE INDIRECT COSTS
INDIRECT COSTS*			
SALARIES AND PAYROLL EXPENSE			
Salaries	\$ 328,443	\$ -	\$ 81,363
Payroll taxes and benefits	111,157	-	29,444
	<u>439,600</u>	<u>-</u>	<u>110,807</u>
OFFICE EXPENSE			
Rent, utilities	92,674	-	3,375
Parking, commuting benefits	20,616	-	1,125
Office supplies	13,718	20	3,389
Bank charges	5,699	3,232	1,635
Telephone and fax	20,918	10	1,605
Postage and delivery	1,498	65	1,158
Printing and copying	13,193	755	304
Subscriptions and research materials	3,306	-	8
Professional dues	3,406	-	835
Other	2,583	-	125
Total office expense	<u>177,611</u>	<u>4,082</u>	<u>13,559</u>
INSURANCE	<u>10,277</u>	<u>2,700</u>	<u>-</u>
REPAIRS AND MAINTENANCE	<u>608</u>	<u>-</u>	<u>361</u>
TRAVEL	<u>25,770</u>	<u>543</u>	<u>4,698</u>
BOARD MEETINGS	<u>11,728</u>	<u>11,728</u>	<u>-</u>
PROFESSIONAL FEES			
Consultants	26,446	26,446	-
Financial management fee	80,226	80,226	-
Accounting fees	6,893	-	4,100
Total professional fees	<u>113,565</u>	<u>106,672</u>	<u>4,100</u>
FUNDRAISING	<u>118,590</u>	<u>-</u>	<u>-</u>
INTEREST EXPENSE	<u>-</u>	<u>-</u>	<u>-</u>
UM ADMINISTRATIVE ASSESSMENT	<u>6,495</u>	<u>-</u>	<u>-</u>
ADVERTISING/RECRUITMENT	<u>-</u>	<u>-</u>	<u>-</u>
MISCELLANEOUS	<u>662</u>	<u>-</u>	<u>-</u>
DEPRECIATION	<u>17,401</u>	<u>-</u>	<u>3,231</u>
HOSPITALITY	<u>15,274</u>	<u>10,299</u>	<u>-</u>
Total indirect costs before allocation	937,581	136,024	136,756
Less: in-kind expenses	(1,500)	-	(1,500)
Total indirect costs for rate calculation before allocation	936,081	136,024	135,256
ALLOCATION OF OPERATIONS ALLOWABLE INDIRECT COSTS TO CENTERS*	<u>-</u>	<u>-</u>	<u>(129,319)</u>
TOTAL INDIRECT COSTS FOR IDC RATE CALCULATION	<u>\$ 936,081</u>	<u>\$ 136,024</u>	<u>\$ 5,937</u>

*Indirect Costs do not include any direct program expenses.

MAUREEN AND MIKE MANSFIELD
CENTER AT THE UNIVERSITY OF

MONTANA		FOUNDATION	
UNALLOWABLE COSTS	ALLOWABLE INDIRECT COSTS	UNALLOWABLE COSTS	ALLOWABLE INDIRECT COSTS
\$ 4,431	\$ 38,685	\$ 35,639	\$ 168,325
<u>2,238</u>	<u>18,481</u>	<u>14,397</u>	<u>46,597</u>
<u>6,669</u>	<u>57,166</u>	<u>50,036</u>	<u>214,922</u>
-	-	4,813	84,486
-	60	56	19,375
8	2,192	226	7,883
15	-	31	786
-	5,084	309	13,910
-	67	23	185
-	470	171	11,493
-	72	-	3,226
-	105	5	2,461
-	-	<u>1,550</u>	<u>908</u>
<u>23</u>	<u>8,050</u>	<u>7,184</u>	<u>144,713</u>
-	-	-	<u>7,577</u>
-	<u>247</u>	-	-
<u>1,958</u>	<u>2,727</u>	<u>10,485</u>	<u>5,359</u>
-	-	-	-
-	-	-	-
-	-	-	<u>2,793</u>
-	-	-	<u>2,793</u>
<u>28,894</u>	-	<u>89,696</u>	-
-	-	-	-
-	<u>6,495</u>	-	-
-	-	-	-
<u>62</u>	-	<u>600</u>	-
-	<u>2,221</u>	-	<u>11,949</u>
<u>1,644</u>	-	<u>3,331</u>	-
39,250	76,906	161,332	387,313
-	-	-	-
39,250	76,906	161,332	387,313
-	-	-	<u>129,319</u>
<u>\$ 39,250</u>	<u>\$ 76,906</u>	<u>\$ 161,332</u>	<u>\$ 516,632</u>

SINGLE AUDIT SECTION



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
The Maureen and Mike Mansfield Foundation
Mansfield Library, 4th Floor
The University of Montana
Missoula, Montana

We have audited the financial statements of The Maureen and Mike Mansfield Foundation (the Foundation) as of and for the year ended June 30, 2011 and have issued our report thereon dated September 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Foundation in a separate letter dated September 10, 2011.

This report is intended solely for the information and use of management, the board of directors, others within the entity, and the Department of State and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Zurmuehlen & Co., P.C.

Helena, Montana
September 10, 2011



DISCOVERY BLOCK • 828 GREAT NORTHERN BOULEVARD • P.O. BOX 1040 • HELENA, MONTANA 59624-1040
TEL: 406.442.1040 • FAX: 406.442.1100 • WEB: WWW.AZWORLD.COM

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATEIRAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
The Maureen and Mike Mansfield Foundation
Mansfield Library, 4th Floor
The University of Montana
Missoula, Montana

Compliance

We have audited The Maureen and Mike Mansfield Foundation's (the Foundation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended June 30, 2011. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the entity, the Department of State and other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Zurmuehlen & Co., P.C.

Helena, Montana
September 10, 2011

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2011

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

The major program for the year ended June 30, 2011, was as follows:

The Mike Mansfield Fellowship Program granted by the Department of State. The CFDA number for this program is 19.012.

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011

Section II - Financial Statement Findings:

There were no findings related to the financial statements, which are required to be reported under Government Auditing Standards, issued by OMB.

Section III - Federal Awards Findings and Questioned Costs:

There were no findings or questioned costs.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Summary Schedule of Prior Audit Findings:

There were no findings related to the financial statements, which are required to be reported under Government Auditing Standards, issued by OMB for the year ended June 30, 2010.