



**THE MAUREEN AND MIKE
MANSFIELD FOUNDATION**

FINANCIAL REPORT

June 30, 2010



THE MAUREEN AND MIKE MANSFIELD FOUNDATION

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

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MANAGEMENT'S CERTIFICATION STATEMENT

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 29, 2010

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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 59812

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, 2010 and 2009, 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, 2010 and 2009, 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 29, 2010 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 29, 2010

FINANCIAL STATEMENTS

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and temporary investments	\$ 356,474	\$ 295,746
Receivables:		
Accrued interest	11,993	13,207
Grants	359,546	42,714
Current portion of contract receivable	-	32,212
Prepaid expenses and other current assets	<u>261,826</u>	<u>407,755</u>
Total current assets	<u>989,839</u>	<u>791,634</u>
INVESTMENT SECURITIES	<u>8,571,619</u>	<u>8,346,668</u>
CONTRACT RECEIVABLE, net of current portion	<u>-</u>	<u>105,498</u>
PROPERTY AND EQUIPMENT, at cost		
Leasehold improvements	167,885	167,885
Furniture and equipment	<u>232,673</u>	<u>225,874</u>
	400,558	393,759
Less accumulated depreciation	<u>364,501</u>	<u>364,528</u>
Net property and equipment	<u>36,057</u>	<u>29,231</u>
Total assets	<u>\$ 9,597,515</u>	<u>\$ 9,273,031</u>

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

LIABILITIES	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES		
Current portion of long-term contract	\$ -	\$ 32,212
Accounts payable	222,548	166,445
Accrued expenses	290,085	240,633
Due to The University of Montana	16,293	54,816
Deferred revenue	25,000	35,000
Refundable grant advances	<u>267,555</u>	<u>296,099</u>
Total current liabilities	821,481	825,205
LONG-TERM CONTRACT, net of current portion	<u>-</u>	<u>105,498</u>
Total liabilities	<u>821,481</u>	<u>930,703</u>
NET ASSETS		
Unrestricted:		
Operating	(113,919)	(222,181)
Board designated for the endowment	<u>166,517</u>	<u>166,017</u>
Total unrestricted	<u>52,598</u>	<u>(56,164)</u>
Temporarily restricted:		
Endowment temporarily restricted net assets	<u>2,997,593</u>	<u>2,672,649</u>
Permanently restricted	<u>5,725,843</u>	<u>5,725,843</u>
	<u>8,776,034</u>	<u>8,342,328</u>
Total liabilities and net assets	<u>\$ 9,597,515</u>	<u>\$ 9,273,031</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Revenue and support:		
Interest on temporary cash investments	\$ 345	\$ 302
Grant revenue	1,865,817	1,976,067
Unrestricted contributions	23,750	4,751
Corporate affiliate fees	65,000	65,000
Program fees and contract revenue	204,813	168,872
Board appropriated allocations to endowment	500	12,125
Other income	9,841	14,740
	<u>2,170,066</u>	<u>2,241,857</u>
Net assets released from restrictions	<u>1,083,676</u>	<u>1,038,671</u>
Total unrestricted revenue and support	<u>3,253,742</u>	<u>3,280,528</u>
 Program expenses:		
Maureen and Mike Mansfield Center at The University of Montana:		
Mansfield Conferences	37,015	47,333
Asian Exchanges/Training	73,387	91,716
Teaching, Research, and Public Education	100,458	165,253
	<u>210,860</u>	<u>304,302</u>
Mansfield Foundation:		
Mike Mansfield Fellowship Program	1,928,231	2,217,319
Asian Exchanges/Training	489,089	376,651
Montana Programs	7,260	26,159
Asian Opinion Poll Database	14,541	16,433
Miscellaneous Programs	157,348	85,026
	<u>2,596,469</u>	<u>2,721,588</u>
Total program expenses	<u>2,807,329</u>	<u>3,025,890</u>

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

	<u>2010</u>	<u>2009</u>
General and administrative expenses:		
Salaries and payroll	371,118	384,657
Office	181,706	189,242
Insurance	10,411	10,539
Repairs and maintenance	1,195	320
Travel	11,709	18,811
Board meetings/travel	5,799	7,004
Professional fees	109,793	119,332
UM Administrative Assessment	8,547	11,725
Advertising/Recruitment	38	530
Hospitality and program development	8,719	20,032
Depreciation	18,796	14,709
Miscellaneous	232	2,082
	<hr/>	<hr/>
Total general and administrative expenses	728,063	778,983
Less indirect costs allocated to programs	(492,479)	(529,145)
	<hr/>	<hr/>
	235,584	249,838
	<hr/>	<hr/>
Fundraising expenses	102,067	111,179
	<hr/>	<hr/>
Total expenses	3,144,980	3,386,907
	<hr/>	<hr/>
Increase (Decrease) in unrestricted net assets	108,762	(106,379)
	<hr/>	<hr/>
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted support	405,134	380,401
Endowment investment income (loss)	1,003,486	(1,724,428)
Net assets released from restrictions	(1,083,676)	(1,038,671)
	<hr/>	<hr/>
Increase (Decrease) in temporarily restricted net assets	324,944	(2,382,698)
	<hr/>	<hr/>
Increase (Decrease) in net assets	433,706	(2,489,077)
	<hr/>	<hr/>
Net assets at the beginning of the year	8,342,328	10,831,405
	<hr/>	<hr/>
Net assets at the end of the year	<u>\$ 8,776,034</u>	<u>\$ 8,342,328</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 433,706	\$ (2,489,077)
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Depreciation	18,796	14,709
Loss on disposition of asset	-	185
Realized and unrealized (gains) losses on investments	(77,638)	2,637,254
Change in assets and liabilities:		
(Increase) decrease in current assets:		
Receivables	(315,618)	(32,570)
Prepaid expenses and other assets	145,929	(187,952)
Increase (decrease) in current liabilities:		
Accounts payable	17,580	95,931
Accrued expenses	49,452	48,205
Deferred revenue	(10,000)	10,000
Refundable grant advances	(28,544)	185,401
Net cash provided by operating activities	<u>233,663</u>	<u>282,086</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment securities	5,799,370	6,021,226
Purchase of investment securities	(5,946,683)	(6,678,776)
Purchase of property and equipment	<u>(25,622)</u>	<u>(11,284)</u>
Net cash used in investing activities	<u>(172,935)</u>	<u>(668,834)</u>
Net increase (decrease) in cash and temporary investments	60,728	(386,748)
CASH AND TEMPORARY INVESTMENTS		
Beginning of year	<u>295,746</u>	<u>682,494</u>
CASH AND TEMPORARY INVESTMENTS,		
End of year	<u>\$ 356,474</u>	<u>\$ 295,746</u>
NON-CASH INVESTING AND FINANCING ACTIVITY:		
Contract receivable and payable	<u>\$ (137,710)</u>	<u>\$ 3,472</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, 2010 and 2009

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.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

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

Designated Unrestricted Net Assets:

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

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, 2010 and 2009, there were no bank deposits exceeding the FDIC insured limit.

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, 2010 and 2009

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 year 2009, 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.

The Financial Accounting Standards Board (FASB) has issued an interpretation on accounting for uncertainty in income taxes. This interpretation addresses the accounting for uncertainties in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. The determination of tax exempt status is considered to be a tax position taken with respect to the provisions of the interpretation.

The Foundation's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence. It is the opinion of management that the Foundation has no uncertain tax positions.

The Foundation would recognize interest and penalties related to unrecognized tax benefits in interest expense should they occur. There was no interest or penalties related to income taxes in 2010 or 2009. With few exceptions, the Foundation is no longer subject to examinations by federal or state tax authorities for years before 2007.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

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

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 2010 and 2009 were \$4,858 and \$12,338, respectively.

Subsequent Events:

Management has evaluated subsequent events through September 29, 2010, the date which the financial statements were available for issue.

NOTE 2. INVESTMENT SECURITIES

In accordance with generally accepted accounting standards, the Plan 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.

Cost and fair value of marketable securities at June 30, 2010 and 2009 are as follows:

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

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	2,202,335	-	2,202,335	-
Total Assets	\$ 8,571,619	\$ 4,832,834	\$ 3,738,785	\$ -

Description	June 30, 2009	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	975,964	975,964	-	-
Mid-Large Cap Value	798,244	798,244	-	-
Large Cap Growth	1,532,917	1,532,917	-	-
Small Cap Core	158,847	158,847	-	-
International	393,808	393,808	-	-
Debt Securities				
Fixed Income Mutual Funds	1,936,986	-	1,936,986	-
Government and Agency Securities	2,549,902	-	2,549,902	-
Total Assets	\$ 8,346,668	\$ 3,859,780	\$ 4,486,888	\$ -

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2010 and 2009

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

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

	<u>COST</u>	<u>FAIR VALUE</u>	<u>NET UNREALIZED APPRECIATION (DEPRECIATION)</u>
<u>2010:</u>			
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>
<u>2009:</u>			
Equity securities	\$ 4,067,218	\$ 3,859,780	\$ (207,438)
Debt securities	<u>4,477,332</u>	<u>4,486,888</u>	<u>9,556</u>
	<u>\$ 8,544,550</u>	<u>\$ 8,346,668</u>	<u>\$ (197,882)</u>

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

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>2010:</u>			
Interest and dividend income	\$ -	\$ 925,848	\$ 925,848
Realized and unrealized gains/(losses)	<u>-</u>	<u>77,638</u>	<u>77,638</u>
Total investment return	<u>\$ -</u>	<u>\$ 1,003,486</u>	<u>\$ 1,003,486</u>
<u>2009:</u>			
Interest and dividend income	\$ -	\$ 912,826	\$ 912,826
Realized and unrealized gains/(losses)	<u>-</u>	<u>(2,637,254)</u>	<u>(2,637,254)</u>
Total investment return	<u>\$ -</u>	<u>\$ (1,724,428)</u>	<u>\$ (1,724,428)</u>

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>
<u>2010:</u>						
Description of securities:						
Equity securities	\$ 1,247,352	\$ 167,437	\$ 1,324,506	\$ 147,193	\$ 2,571,858	\$ 314,630
Debt securities	<u>12,898</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>12,898</u>	<u>2</u>
	<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>
<u>2009:</u>						
Description of securities:						
Equity securities	\$ 558,702	\$ 78,663	\$ 1,342,111	\$ 423,561	\$ 1,900,813	\$ 502,224
Debt securities	<u>90,176</u>	<u>519</u>	<u>965,924</u>	<u>119,588</u>	<u>1,056,100</u>	<u>120,107</u>
	<u>\$ 648,878</u>	<u>\$ 79,812</u>	<u>\$ 2,308,035</u>	<u>\$ 543,149</u>	<u>\$ 2,956,913</u>	<u>\$ 622,331</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

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, 2010 and 2009. One hundred thirty-two (132) and one hundred fifty-six (156) securities are in an unrealized loss position as of June 30, 2010 and 2009, 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.

NOTE 3. CONTRACT RECEIVABLE AND RELATED LIABILITY

The Mike Mansfield Fellowship program requires that after completion of the program, a fellow remain in federal public service for a period of two years or repay the federal government the salary and expenses paid to him or her during the second year of the program.

During fiscal year 2007, the Foundation entered into an unsecured contract with a former fellow who did not fulfill the public service requirements. The contract stipulated monthly payments from the fellow to the Foundation of \$2,618.52 until September 1, 2012. Interest of 5.45 % was charged from the contract's inception on March 2, 2007, reduced to 3.625% January 1, 2008 and to 1.50% January 1, 2009. In turn, the Foundation was obligated to remit the payment to the Department of State. No allowance on the receivable was considered necessary because any uncollected amounts reduced the off-setting liability.

As of April, 2010, the Department of State determined the fellow met the two year federal public service obligation through a combination of employment and contracted services. The Mansfield Fellowship, on behalf of the Department of State, signed a letter of agreement waiving the fellow's financial obligation of \$133,599 plus accrued interest. The fellow waived any claim for a refund of cash payments of \$7,856 made in 2007.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2010 and 2009

NOTE 4. 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>2010</u>	<u>2009</u>
Board appropriation of endowment funds	\$ <u>678,542</u>	\$ <u>646,044</u>
Purpose restrictions accomplished:		
Maureen and Mike Mansfield Center at The University of Montana:		
Mansfield Conferences	12,300	22,226
Teaching, Research, and Public Education	7,165	38,401
Foundation Programs:		
Mike Mansfield Fellowship Program, non-federal support	51,145	68,970
Asian Opinion Poll Database	11,564	6,157
Miscellaneous Programs	<u>322,960</u>	<u>256,873</u>
	<u>405,134</u>	<u>392,627</u>
Total Net Assets Released from Restrictions	\$ <u>1,083,676</u>	\$ <u>1,038,671</u>

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2010</u>	<u>2009</u>
Endowment appropriations	\$ <u>2,997,593</u>	\$ <u>2,672,649</u>

NOTE 6. PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2010</u>	<u>2009</u>
The programs and operations of the Foundation	\$ <u>5,325,893</u>	\$ <u>5,325,893</u>
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, 2010 and 2009

NOTE 7. ENDOWMENT NET ASSETS

The State of Montana adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective May 31, 2007. In August 2008, the Financial Accounting Standards Board issued, *Endowments of Non-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. This provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to UPMIFA. The Foundation adopted this position for its year ended June 30, 2009 and restated its net assets as of July 1, 2007.

The Foundation's endowment is managed by the Merrill Lynch Trust Company. 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.

Interpretation of Relevant Law (Continued)

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.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2010 and 2009

NOTE 7. ENDOWMENT NET ASSETS (CONTINUED)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</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>
 <u>2009:</u>				
Donor restricted funds	\$ -	\$ 2,672,649	\$ 5,725,843	\$ 8,398,492
Board designated funds	<u>166,017</u>	<u>-</u>	<u>-</u>	<u>166,017</u>
Total funds	<u>\$ 166,017</u>	<u>\$ 2,672,649</u>	<u>\$ 5,725,843</u>	<u>\$ 8,564,509</u>

Changes in net asset composition by type of fund for the years ended June 30, 2009 and 2010 are as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2008	\$ 153,892	\$ 5,043,121	\$ 5,725,843	\$ 10,922,856
Investment return:				
Investment income	-	912,826	-	912,826
Net depreciation	<u>-</u>	<u>(2,637,254)</u>	<u>-</u>	<u>(2,637,254)</u>
Total investment return	<u>-</u>	<u>(1,724,428)</u>	<u>-</u>	<u>(1,724,428)</u>
Contributions	<u>12,125</u>	<u>-</u>	<u>-</u>	<u>12,125</u>
Appropriation for expenditure	<u>-</u>	<u>(646,044)</u>	<u>-</u>	<u>(646,044)</u>
Endowment net assets, June 30, 2009	<u>166,017</u>	<u>2,672,649</u>	<u>5,725,843</u>	<u>8,564,509</u>
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>-</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>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 7. ENDOWMENT NET ASSETS (CONTINUED)

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, 2009 or 2010.

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 three percentage points over the rate of inflation as measured by the consumer price index, measured over a three to 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. Investment in real estate, venture capital or other high risk investments is prohibited without specific Board approval.

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 2010 distributions were reduced to 4.5%.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2010 and 2009

NOTE 8. LEASE OBLIGATIONS

The Foundation leases office space under operating lease agreements. Rent expense for fiscal 2010 and 2009 was \$209,542 and \$226,626, respectively. Minimum future lease commitments are:

	<u>Amount</u>
2011	\$ 125,904
2012	141,978
2013	158,781
2014	162,747
2015	166,810
2016	<u>13,929</u>
Total minimum lease payments	<u>\$ 770,149</u>

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

NOTE 9. 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 \$39,648 and \$39,408 for fiscal years 2010 and 2009, respectively.

The Foundation accrues deferred compensation in lieu of currently contributing to retirement benefits for full-time Japanese employees. Accrued deferred compensation was \$189,662 and \$160,925 at June 30, 2010 and 2009, respectively, and is included in accrued expenses on the statement of financial position.

NOTE 10. 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, 2010 and 2009

NOTE 10. RELATED PARTY TRANSACTIONS (CONTINUED)

At June 30, 2010 and 2009, the Foundation owed the University \$16,293 and \$54,816, respectively, for reimbursement of expenses.

The accompanying financial statements include \$12,300 and \$13,192 cash and in-kind support received by the Foundation in fiscal years 2010 and 2009, 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 \$116,816 and \$116,045 in 2010 and 2009, respectively, for teaching and research.

NOTE 11. 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 21.49% and 21.52% in fiscal 2010 and 2009, respectively. The indirect costs charged to the U.S. Department of State during fiscal 2010 were:

<u>CONTRACT #</u>	<u>RATE</u>
S-ECAPE-08-GR-125KF	10.61%
S-ECAPE-09-GR-074SM	18.00%

The 2009 rates received final approval by the U.S. Department of State.

NOTE 12. 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>2010</u>	<u>2009</u>
Mike Mansfield Fellowship Program	<u>\$ 51,145</u>	<u>\$ 68,970</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010 and 2009

NOTE 13. 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 \$1,815,353 and \$1,947,327 for fiscal 2010 and 2009, respectively, from the Department of State for the Mansfield Fellowship Program. This represents approximately 97% and 98% of grant revenue for fiscal 2010 and 2009, respectively, and approximately 56% and 59% of total unrestricted revenue and support in 2010 and 2009, respectively.

SUPPLEMENTAL INFORMATION

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 SCHEDULE OF FUNCTIONAL EXPENSES
 Year Ended June 30, 2010
 (With Comparative Totals for the Year Ended June 30, 2009)

	PROGRAM SERVICES		
	FOUNDATION	UM	TOTAL
Compensation of officers, directors, etc.	\$ 154,402	\$ 45,469	\$ 199,871
Other salaries and wages	294,101	28,561	322,662
Other employee benefits	115,014	33,603	148,617
Payroll taxes	22,052	8,412	30,464
Accounting fees	4,900	-	4,900
Legal fees	750	-	750
Supplies	1,473	133	1,606
Telephone	143	28	171
Postage and shipping	840	251	1,091
Occupancy	99,258	-	99,258
Equipment rental and maintenance	769	381	1,150
Printing and publications	17,763	1,352	19,115
Travel	259,603	36,952	296,555
Conferences, conventions, and meetings	4,296	175	4,471
Depreciation	-	-	-
Financial management fees	-	-	-
Consultants/Prof. Svce/Honorariums	62,800	1,600	64,400
Non-employee salaries/taxes/benefits	443,945	-	443,945
Housing/Post/Education allowances	398,210	-	398,210
Language/Area Studies training	145,316	-	145,316
Receptions	55,370	5,827	61,197
Other expenses	14,621	5,335	19,956
Allocation of indirect costs	449,698	42,781	492,479
In-kind expenses	51,145	-	51,145
	<u>\$ 2,596,469</u>	<u>\$ 210,860</u>	<u>\$ 2,807,329</u>
Total - 2010	<u>\$ 2,596,469</u>	<u>\$ 210,860</u>	<u>\$ 2,807,329</u>
Total - 2009	<u>\$ 2,721,588</u>	<u>\$ 304,302</u>	<u>\$ 3,025,890</u>

SUPPORTING SERVICES						
OPERATIONS	FOUNDATION	UM	TOTAL	FUND RAISING	TOTAL 2010	TOTAL 2009
\$ 48,249	\$ 93,998	\$ 11,206	\$ 153,453	\$ 32,046	\$ 385,370	\$ 382,637
37,388	78,448	15,751	131,587	32,101	486,350	502,289
20,829	37,768	6,755	65,352	16,382	230,351	230,024
8,300	11,238	1,187	20,725	5,053	56,242	59,129
2,200	2,535	-	4,735	-	9,635	15,446
-	-	-	-	-	750	900
2,756	7,855	2,022	12,633	24	14,263	10,715
1,536	15,698	5,092	22,326	2	22,499	18,923
604	230	178	1,012	443	2,546	2,888
7,475	97,742	-	105,217	5,067	209,542	212,190
530	-	665	1,195	-	2,345	6,837
974	12,227	441	13,642	3,035	35,792	35,135
2,135	7,626	1,948	11,709	5,674	313,938	284,490
5,799	-	-	5,799	-	10,270	11,595
5,025	10,159	3,612	18,796	-	18,796	14,709
79,890	-	-	79,890	-	79,890	82,386
25,168	-	-	25,168	-	89,568	93,427
-	-	-	-	-	443,945	468,559
-	-	-	-	-	398,210	603,931
-	-	-	-	-	145,316	153,539
5,084	2,220	1,415	8,719	2,226	72,142	55,882
7,098	30,224	8,783	46,105	14	66,075	72,306
(135,643)	(314,055)	(42,781)	(492,479)	-	-	-
-	-	-	-	-	51,145	68,970
<u>\$ 125,397</u>	<u>\$ 93,913</u>	<u>\$ 16,274</u>	<u>\$ 235,584</u>	<u>\$ 102,067</u>	<u>\$ 3,144,980</u>	<u>\$ 3,386,907</u>
<u>\$ 145,126</u>	<u>\$ 84,994</u>	<u>\$ 19,718</u>	<u>\$ 249,838</u>	<u>\$ 111,179</u>		

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

<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.xxx	S-ECAPE-08-GR-125KF S-ECAPE-09-GR-074SM	\$ 193,783 <u>1,621,570</u>
Total Federal expenditures			<u>\$ 1,815,353</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

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, 2010:

Federal expenditures	\$ 1,815,353
In-kind contributions	51,145
Foundation expenditures	<u>61,733</u>
Total expenditures per statement of activities	<u>\$ 1,928,231</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 SCHEDULE OF INDIRECT COST RATE COMPUTATION
 Year Ended June 30, 2010

	<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		\$ 141,939	\$ 54,095	\$ 477,827
Distribution base		\$ 3,087,538	\$ 212,527	\$2,223,988
Rate		<u>4.60%</u>	<u>25.45%</u>	<u>21.49%</u>
<u>DISTRIBUTION BASE*</u>				
Total expenses	\$ 3,280,622	\$ 261,040	\$ 266,622	\$2,752,960
Less: In-kind expenses incl. in indirect	-	-	-	-
Less: Total indirect expenses	<u>(830,130)</u>	<u>(125,397)</u>	<u>(98,544)</u>	<u>(606,189)</u>
Direct program costs	2,450,492	135,643	168,078	2,146,771
Less: in-kind direct program costs	(51,145)	-	-	(51,145)
Plus: unallowable costs	<u>291,912</u>	<u>119,101</u>	<u>44,449</u>	<u>128,362</u>
Distribution base before Centers' allowable IDC	2,691,259	254,744	212,527	2,223,988
Plus: Centers' allowable IDC	<u>396,279</u>	<u>-</u>	<u>54,095</u>	<u>342,184</u>
Distribution base after Centers' allowable IDC	<u>\$ 3,087,538</u>	<u>\$ 254,744</u>	<u>\$ 266,622</u>	<u>\$2,566,172</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, 2010

	OPERATIONS		
	TOTAL	UNALLOWABLE COSTS	ALLOWABLE INDIRECT COSTS
<u>INDIRECT COSTS*</u>			
SALARIES AND PAYROLL EXPENSE			
Salaries	\$ 285,770	\$ -	\$ 85,637
Payroll taxes and benefits	85,348	-	29,129
	<u>371,118</u>	<u>-</u>	<u>114,766</u>
OFFICE EXPENSE			
Rent, utilities	105,217	-	7,475
Parking, commuting benefits	16,584	40	1,110
Office supplies	12,633	-	2,756
Bank charges	2,463	-	1,698
Telephone and fax	22,326	1	1,535
Postage and delivery	1,012	6	598
Printing and copying	13,642	-	974
Subscriptions and research materials	3,055	-	353
Professional dues	3,185	-	795
Other	1,589	-	140
Total office expense	<u>181,706</u>	<u>47</u>	<u>17,434</u>
INSURANCE	<u>10,411</u>	<u>2,940</u>	<u>-</u>
REPAIRS AND MAINTENANCE	<u>1,195</u>	<u>-</u>	<u>530</u>
TRAVEL	<u>11,709</u>	<u>426</u>	<u>1,709</u>
BOARD MEETINGS	<u>5,799</u>	<u>5,674</u>	<u>125</u>
PROFESSIONAL FEES			
Consultants	25,168	25,018	150
Financial management fee	79,890	79,890	-
Accounting fees	4,735	-	2,200
Total professional fees	<u>109,793</u>	<u>104,908</u>	<u>2,350</u>
FUNDRAISING	<u>102,067</u>	<u>-</u>	<u>-</u>
INTEREST EXPENSE	<u>-</u>	<u>-</u>	<u>-</u>
UM ADMINISTRATIVE ASSESSMENT	<u>8,547</u>	<u>-</u>	<u>-</u>
ADVERTISING/RECRUITMENT	<u>38</u>	<u>-</u>	<u>-</u>
MISCELLANEOUS	<u>232</u>	<u>22</u>	<u>-</u>
DEPRECIATION	<u>18,796</u>	<u>-</u>	<u>5,025</u>
HOSPITALITY	<u>8,719</u>	<u>5,084</u>	<u>-</u>
Total indirect costs before allocation	830,130	119,101	141,939
Less: in-kind expenses	-	-	-
Total indirect costs for rate calculation before allocation	<u>830,130</u>	<u>119,101</u>	<u>141,939</u>
ALLOCATION OF OPERATIONS ALLOWABLE			
INDIRECT COSTS TO CENTERS*	<u>-</u>	<u>-</u>	<u>(135,643)</u>
TOTAL INDIRECT COSTS FOR IDC RATE CALCULATION	<u>\$ 830,130</u>	<u>\$ 119,101</u>	<u>\$ 6,296</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
\$ 2,246	\$ 25,441	\$ 40,509	\$ 131,937
1,010	6,203	10,400	38,606
<u>3,256</u>	<u>31,644</u>	<u>50,909</u>	<u>170,543</u>
-	-	5,877	91,865
-	-	16	15,418
-	2,022	727	7,128
-	-	52	713
-	5,092	109	15,589
-	178	21	209
-	441	973	11,254
-	-	-	2,702
-	-	-	2,390
-	25	485	939
<u>-</u>	<u>7,758</u>	<u>8,260</u>	<u>148,207</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,471</u>
<u>-</u>	<u>665</u>	<u>-</u>	<u>-</u>
<u>289</u>	<u>1,659</u>	<u>4,395</u>	<u>3,231</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	2,535
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,535</u>
<u>39,489</u>	<u>-</u>	<u>62,578</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>8,547</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>
<u>-</u>	<u>210</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>3,612</u>	<u>-</u>	<u>10,159</u>
<u>1,415</u>	<u>-</u>	<u>2,220</u>	<u>-</u>
<u>44,449</u>	<u>54,095</u>	<u>128,362</u>	<u>342,184</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>44,449</u>	<u>54,095</u>	<u>128,362</u>	<u>342,184</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>135,643</u>
<u>\$ 44,449</u>	<u>\$ 54,095</u>	<u>\$ 128,362</u>	<u>\$ 477,827</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 59812

We have audited the financial statements of The Maureen and Mike Mansfield Foundation (the Foundation) as of and for the year ended June 30, 2010 and have issued our report thereon dated September 29, 2010. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 29, 2010.

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.

A handwritten signature in cursive script that reads "Anderson Zurmuehlen & Co., P.C.".

Helena, Montana
September 29, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO 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 59812

Compliance

We have audited the compliance of The Maureen and Mike Mansfield Foundation (the Foundation) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2010. 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 are applicable to its major federal program for the year ended June 30, 2010.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 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 would not necessarily identify all deficiencies in internal control 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.



Helena, Montana
September 29, 2010

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

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?	No
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, 2010, was as follows:

The Mike Mansfield Fellowship Program granted by the Department of State. This program has not been assigned a CFDA number

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, 2010

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, 2010

Summary Schedule of Prior Audit Findings:

The audit report for the year ended June 30, 2009, contained one finding, #2009-01, regarding a significant deficiency in internal control over compliance with the requirement to obtain prior grantor approval of business class airfare based on the actual trip itinerary. No similar instances were observed in tests of similar expenditures during the year ended June 30, 2010.