

The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.





**THE MAUREEN AND MIKE
MANSFIELD FOUNDATION**

FINANCIAL REPORT

June 30, 2015





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
c/o The International House of
Japan, Inc.
5-11-16 Roppongi, Minato-ku,
Tokyo 106-0032
Tel: 81-3-5413-5885
Fax: 81-3-3478-1773

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.

October 13, 2015

Frank Jannuzi
President and CEO

Elizabeth A. Oleson, CPA
Fiscal Affairs Director

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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

Report on the Financial Statements

We have audited the accompanying financial statements of The Maureen and Mike Mansfield Foundation (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses, on page 25, and the indirect cost rate computation, starting on page 28, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, starting on page 26, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015 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* in considering the Foundation's internal control over financial reporting and compliance.



Helena, Montana
October 13, 2015

FINANCIAL STATEMENTS

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and temporary investments	\$ 157,801	\$ 114,775
Receivables:		
Service receivables	6,165	22,717
Grants	120,238	43,934
Contributions	31,015	187,646
Prepaid expenses and other current assets	<u>128,691</u>	<u>128,854</u>
Total current assets	<u>443,910</u>	<u>497,926</u>
PROPERTY AND EQUIPMENT, at cost		
Leasehold improvements	166,757	166,757
Furniture and equipment	<u>197,120</u>	<u>195,861</u>
	363,877	362,618
Less accumulated depreciation	<u>342,233</u>	<u>345,785</u>
Net property and equipment	<u>21,644</u>	<u>16,833</u>
ENDOWED ASSETS		
Endowed cash and temporary investments	504,427	313,809
Investment securities	10,469,688	10,654,842
Accrued interest	<u>30,641</u>	<u>26,371</u>
Total endowed assets	<u>11,004,756</u>	<u>10,995,022</u>
 Total assets	 <u>\$ 11,470,310</u>	 <u>\$ 11,509,781</u>

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

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
June 30, 2015 and 2014

LIABILITIES	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts payable	\$ 118,830	\$ 151,387
Accrued expenses	293,265	330,604
Deferred revenue	<u>240,590</u>	<u>281,528</u>
Total current liabilities	<u>652,685</u>	<u>763,519</u>
NET ASSETS		
Unrestricted		
Undesignated - operating	(187,131)	(248,760)
Board designated for the endowment	<u>166,517</u>	<u>166,517</u>
Total unrestricted	<u>(20,614)</u>	<u>(82,243)</u>
Temporarily restricted		
Endowment temporarily restricted net assets	<u>4,851,830</u>	<u>5,095,162</u>
Permanently restricted		
	<u>5,986,409</u>	<u>5,733,343</u>
	<u>10,817,625</u>	<u>10,746,262</u>
Total liabilities and net assets	<u>\$ 11,470,310</u>	<u>\$ 11,509,781</u>

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

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
Revenue and support:		
Interest on temporary cash investments	\$ 61	\$ 96
Grant revenue	1,427,223	1,537,141
Unrestricted contributions	150,350	7,650
Corporate affiliate fees	108,333	89,167
Program fees and contract revenue	249,855	352,798
Other income	<u>1,724</u>	<u>213</u>
	1,937,546	1,987,065
Net assets released from restrictions	<u>1,349,859</u>	<u>1,467,256</u>
Total unrestricted revenue and support	<u>3,287,405</u>	<u>3,454,321</u>
 Program expenses:		
Maureen and Mike Mansfield Center at The University of Montana:		
Mansfield Conferences	164,990	60,139
Asian Exchanges/Training	101,468	113,356
Teaching, Research, and Public Education	<u>10,896</u>	<u>24,362</u>
	<u>277,354</u>	<u>197,857</u>
 Mansfield Foundation:		
Mike Mansfield Fellowship Program	1,494,103	1,611,276
Asian Exchanges/Training	166,865	177,431
PhRMA Exchange	185,595	191,084
Rule of Law	29,332	187,006
US-Japan Network	306,811	150,825
US-Korea Network	19,489	130,688
US-Japan Relations	-	45,386
Space Security	92,363	-
Integrated Approach Transport	-	64,978
Nuclear Working Group	6,304	136,227
Research and Education	59,398	37,140
Miscellaneous Programs	<u>149,827</u>	<u>152,008</u>
	<u>2,510,087</u>	<u>2,884,049</u>
Total program expenses	<u>2,787,441</u>	<u>3,081,906</u>

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

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF ACTIVITIES (CONTINUED)
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
General and administrative expenses:		
Salaries and payroll	438,393	418,166
Office	194,273	191,680
Insurance	11,494	11,066
Repairs/Maintenance	57	15,925
Advertising/Recruitment	3,444	-
Travel	35,892	16,249
Board meetings/travel	1,053	14,347
Professional fees	136,131	150,200
UM Administrative Assessment	7,160	7,957
Hospitality and program development	7,143	3,700
Depreciation	6,755	6,173
Miscellaneous	-	1,529
Total general and administrative expenses	<u>841,795</u>	<u>836,992</u>
Less indirect costs allocated to programs	<u>(551,418)</u>	<u>(564,232)</u>
	<u>290,377</u>	<u>272,760</u>
Fundraising expenses	<u>147,958</u>	<u>72,820</u>
Total expenses	<u>3,225,776</u>	<u>3,427,486</u>
Change in unrestricted net assets	<u>61,629</u>	<u>26,835</u>
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted support	809,254	941,742
Endowment interest and dividend income	280,442	271,231
Endowment realized and unrealized gains on investments	16,831	1,295,744
Net assets released from restrictions	<u>(1,349,859)</u>	<u>(1,467,256)</u>
Change in temporarily restricted net assets	<u>(243,332)</u>	<u>1,041,461</u>
PERMANENTLY RESTRICTED NET ASSETS		
Contributions to the endowment fund	<u>253,066</u>	<u>4,000</u>
Change in net assets	71,363	1,072,296
Net assets at the beginning of the year	<u>10,746,262</u>	<u>9,673,966</u>
Net assets at the end of the year	<u>\$ 10,817,625</u>	<u>\$ 10,746,262</u>

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

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 71,363	\$ 1,072,296
Adjustments to reconcile the change in net assets to net cash from operating activities		
Depreciation	6,755	6,173
Realized and unrealized gains on investments	(16,831)	(1,295,744)
Permanently restricted contributions	(253,066)	(4,000)
Change in operating assets and liabilities:		
Receivables	92,609	(64,541)
Prepaid expenses and other assets	163	2,761
Accounts payable	(32,557)	40,327
Accrued expenses	(37,339)	(16,097)
Deferred revenue	<u>(40,938)</u>	<u>(151,598)</u>
Net cash flows from operating activities	<u>(209,841)</u>	<u>(410,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment securities	5,487,404	3,893,113
Purchase of investment securities	(5,285,419)	(3,843,371)
Purchase of property and equipment	<u>(11,566)</u>	<u>(12,434)</u>
Net cash flows from investing activities	<u>190,419</u>	<u>37,308</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions	<u>253,066</u>	<u>4,000</u>
Net cash provided by financing activities	<u>253,066</u>	<u>4,000</u>
Net change in cash and temporary investments	233,644	(369,115)
CASH AND TEMPORARY INVESTMENTS, Beginning of year	<u>428,584</u>	<u>797,699</u>
CASH AND TEMPORARY INVESTMENTS, End of year	<u>\$ 662,228</u>	<u>\$ 428,584</u>
NON-CASH INVESTING AND FINANCING ACTIVITY		
Disposal of property and equipment	<u>\$ 10,307</u>	<u>\$ 39,568</u>
CASH AND TEMPORARY INVESTMENTS ARE PRESENTED IN THE ACCOMPANYING STATEMENT OF FINANCIAL POSITION UNDER THE FOLLOWING CAPTIONS		
Cash and temporary investments	\$ 157,801	\$ 114,775
Endowed cash and temporary investments	<u>504,427</u>	<u>313,809</u>
	<u>\$ 662,228</u>	<u>\$ 428,584</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, 2015 and 2014

NOTE I. 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.

Grants are recognized as revenue and expense in the period when the terms of the grant are met. Federal grants with beginning dates of June 10, 2013, June 15, 2014, and June 1, 2015 were partially expended during fiscal year 2015. Approximately \$1,427,223 and \$1,537,141 of this grant support had been spent as of June 30, 2015 and 2014, respectively. The remaining grant funds of \$1,272,550 and \$1,889,319, respectively, are expected to be spent within one year. These timing differences can create the appearance of significant year over year differences in revenues.

Contributions receivable represent conditional promises to give where the condition has been satisfied, but the money has not yet been received. All contributions receivable are expected to be collected within the next year.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

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

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.

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. From time to time, certain bank accounts that are subject to FDIC coverage exceeded their insured limits of \$250,000. At June 30, 2015 and 2014, there were \$254,428 and \$63,809 in bank deposits exceeding the FDIC insured limit, respectively.

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 and equipment	3-10 years

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

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

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

Deferred Revenue

The Foundation administers a Corporate Friends of Mansfield program (CFM). CFM members attend various programs sponsored by the Foundation as a benefit of their membership. The CFM membership period is one year with variable beginning dates; 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. Advance payments for program fees or contract revenue are also reported 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.

Program Fee and Contract Revenue

The Foundation provides training to Asian officials. The revenues from this training are treated as program fees in the accompanying financial statements.

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. The ratio of fundraising expenses to grant and contributions received is 5.70% and 6.45% for the years ended June 30, 2015 and 2014, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

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's informational returns are no longer subject to examinations by federal authorities for years before 2012.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

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 rates 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 losses incurred were \$3,830 and \$2,024 for the years ended June 30, 2015 and 2014, respectively.

Reclassification

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

Management has evaluated subsequent events through October 13, 2015, the date which the financial statements were available for issue.

NOTE 2. INVESTMENT SECURITIES

GAAP provides a framework for measuring fair value. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

GAAP also establishes a fair value hierarchy, which prioritizes the valuation of inputs into three broad levels, as described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, 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.

Equity securities: Valued at fair value based on quoted market prices in active markets in which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds and are required to publish their daily net asset value (NAV) of shares and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Debt securities: Valued at the discounted value of all known future cash flows, maximizing the use of observable inputs for similar securities.

Alternative investments: Valued at net asset value (NAV) based as reported by the fund. NAV is determined by the market value for those underlying investments for which market quotations are readily available as furnished by a pricing service or securities dealer. If market quotations are not readily available, the investments may be determined in good faith based on yield equivalents, a pricing matrix or other sources, under valuation procedures established by the fund's Board of Trustees.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There have been no changes in the methodologies used at June 30, 2015 and 2014.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

Cost and fair value of marketable securities at June 30, 2015 and 2014, are as follows:

	Total June 30, 2015	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	\$ 2,184,477	\$ 2,184,477	\$ -	\$ -
Small-Mid Cap	851,263	851,263	-	-
Equity Mutual Funds				
Large Cap Growth	858,912	858,912	-	-
International	986,933	986,933	-	-
Real Estate	379,206	379,206	-	-
International	909,215	909,215	-	-
Debt Securities				
Fixed Income Mutual Funds	1,097,897	1,097,897	-	-
Government and Agency Securities	2,348,199	-	2,348,199	-
Alternative Investments	<u>853,586</u>	<u>-</u>	<u>853,586</u>	<u>-</u>
Total Assets	<u>\$ 10,469,688</u>	<u>\$ 7,267,903</u>	<u>\$ 3,201,785</u>	<u>\$ -</u>

	Total June 30, 2014	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	\$ 2,294,232	\$ 2,294,232	\$ -	\$ -
Large Cap Growth	991,086	991,086	-	-
Small-Mid Cap	804,862	804,862	-	-
Equity Mutual Funds				
Technology	221,309	221,309	-	-
International	1,168,974	1,168,974	-	-
Real Estate	549,874	549,874	-	-
International	1,155,190	1,155,190	-	-
Debt Securities				
Fixed Income Mutual Funds	1,253,209	1,253,209	-	-
Government and Agency Securities	<u>2,216,106</u>	<u>-</u>	<u>2,216,106</u>	<u>-</u>
Total Assets	<u>\$ 10,654,842</u>	<u>\$ 8,438,736</u>	<u>\$ 2,216,106</u>	<u>\$ -</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

The following table summarizes investments measured at fair value based on NAV per share as of June 30, 2015. The Foundation held no investments measured at fair value based on NAV per share as of June 30, 2014.

For the Year Ended June 30,	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
2015				
Alternative investments	<u>\$ 853,586</u>	n/a	Fortnightly	19 days

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

	Cost	Fair Value	Net Unrealized Appreciation/ (Depreciation)
<u>2015</u>			
Equity securities	\$ 5,613,801	\$ 6,170,006	\$ 556,205
Debt securities	3,593,828	3,446,096	(147,732)
Alternative investments	807,968	853,586	45,618
Total assets	<u>\$ 10,015,597</u>	<u>\$ 10,469,688</u>	<u>\$ 454,091</u>
<u>2014</u>			
Equity securities	\$ 5,869,288	\$ 7,185,527	\$ 1,316,239
Debt securities	3,481,998	3,469,315	(12,683)
Total assets	<u>\$ 9,351,286</u>	<u>\$ 10,654,842</u>	<u>\$ 1,303,556</u>

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

	Unrestricted	Temporarily Restricted	Total
<u>2015</u>			
Endowment interest and dividend income	\$ -	\$ 280,442	\$ 280,442
Endowment realized and unrealized gains	-	16,831	16,831
Total investment return	<u>\$ -</u>	<u>\$ 297,273</u>	<u>\$ 297,273</u>
<u>2014</u>			
Endowment interest and dividend income	\$ -	\$ 271,231	\$ 271,231
Endowment realized and unrealized gains	-	1,295,744	1,295,744
Total investment return	<u>\$ -</u>	<u>\$ 1,566,975</u>	<u>\$ 1,566,975</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

Investments with an unrealized loss position at June 30:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<u>2015</u>						
Description of securities						
Equity securities	\$ 1,688,844	\$ (132,955)	\$ 431,620	\$ (78,861)	\$ 2,120,464	\$ (211,816)
Debt securities	386,722	(7,739)	1,577,620	(156,417)	1,964,342	(164,156)
	\$ 2,075,566	\$ (140,694)	\$ 2,009,240	\$ (235,278)	\$ 4,084,806	\$ (375,972)
<u>2014</u>						
Description of securities						
Equity securities	\$ 593,452	\$ (46,582)	\$ 376,368	\$ (61,472)	\$ 969,820	\$ (108,054)
Debt securities	238,416	(695)	1,347,266	(43,380)	1,585,682	(44,075)
	\$ 831,868	\$ (47,277)	\$ 1,723,634	\$ (104,852)	\$ 2,555,502	\$ (152,129)

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, 2015 and 2014. One hundred thirty (130) and eighty-seven (87) securities are in an unrealized loss position as of June 30, 2015 and 2014, respectively. These losses are considered temporary. 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. Total investment fees paid to the investment managers were \$93,623 and \$100,536 for the years ended June 30, 2015 and 2014, respectively.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

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>2015</u>	<u>2014</u>
Board appropriation of endowment funds	\$ 541,751	\$ 526,261
Purpose restrictions accomplished		
Maureen and Mike Mansfield Center at The University of Montana		
Mansfield Conferences	96,144	15,070
Asia exchanges	56,666	18,803
Teaching, research and public education	-	2,657
Administration	-	527
Foundation Programs		
Mike Mansfield Fellowship Program, non-federal support	42,049	61,732
US Japan Space Security	36,000	2,899
Asia exchange	191,462	179,535
Rule of Law	15,000	180,603
US Asia Networks	249,433	253,259
Nuclear Working Group	6,304	113,460
Operations	70,500	9,900
Miscellaneous programs	44,550	102,550
Total purpose restrictions accomplished	<u>808,108</u>	<u>940,995</u>
Total net assets released from restrictions	<u>\$ 1,349,859</u>	<u>\$ 1,467,256</u>

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Center support and Foundation programs	\$ 4,851,830	\$ 5,095,162

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2015 and 2014

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>2015</u>	<u>2014</u>
The programs and operations of the Foundation	\$ 5,586,459	\$ 5,333,393
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>
Total permanently restricted net assets	<u>\$ 5,986,409</u>	<u>\$ 5,733,343</u>

NOTE 6. ENDOWMENT NET ASSETS

At June 30, 2015 and 2014, the Foundation's endowment was 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.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2015 and 2014

NOTE 6. ENDOWMENT NET ASSETS (CONTINUED)

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.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>2015</u>				
Donor restricted funds	\$ -	\$ 4,851,830	\$ 5,986,409	\$ 10,838,239
Board designated funds	<u>166,517</u>	<u>-</u>	<u>-</u>	<u>166,517</u>
Total funds	<u>\$ 166,517</u>	<u>\$ 4,851,830</u>	<u>\$ 5,986,409</u>	<u>\$ 11,004,756</u>
 <u>2014</u>				
Donor restricted funds	\$ -	\$ 5,095,162	\$ 5,733,343	\$ 10,828,505
Board designated funds	<u>166,517</u>	<u>-</u>	<u>-</u>	<u>166,517</u>
Total funds	<u>\$ 166,517</u>	<u>\$ 5,095,162</u>	<u>\$ 5,733,343</u>	<u>\$ 10,995,022</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 6. ENDOWMENT NET ASSETS (CONTINUED)

Changes in net asset composition by type of fund for the years ended June 30, 2015 and 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ 166,517	\$ 4,053,701	\$ 5,729,343	\$ 9,949,561
Investment return				
Investment income	-	271,231	-	271,231
Net appreciation/(depreciation)	-	1,295,744	-	1,295,744
Total investment return	-	1,566,975	-	1,566,975
Contributions	-	747	4,000	4,747
Appropriation for expenditure	-	(526,261)	-	(526,261)
Endowment net assets, June 30, 2014	<u>166,517</u>	<u>5,095,162</u>	<u>5,733,343</u>	<u>10,995,022</u>
Investment return				
Investment income	-	280,442	-	280,442
Net appreciation/(depreciation)	-	16,831	-	16,831
Total investment return	-	297,273	-	297,273
Contributions	-	1,146	253,066	254,212
Appropriation for expenditure	-	(541,751)	-	(541,751)
Endowment net assets, June 30, 2015	<u>\$ 166,517</u>	<u>\$ 4,851,830</u>	<u>\$ 5,986,409</u>	<u>\$ 11,004,756</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, 2015 or 2014.

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 MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 6. ENDOWMENT NET ASSETS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

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.

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% (calculated on the preceding twelve-quarter rolling average fair market value of the endowment). The fiscal 2015 and 2014 distributions were reduced to 4.5%.

NOTE 7. LEASE OBLIGATIONS

The Foundation leases office space under an operating lease agreement. Rent expense for fiscal 2015 and 2014 was \$200,083 and \$221,295, respectively. The current agreement allows for a month-to-month commitment. On July 8, 2015, the Foundation entered into an operating lease to lease a new office space. Minimum future lease commitments for the next five years are:

<u>June 30,</u>		
2016	\$	159,997
2017		158,982
2018		162,963
2019		167,050
2020		<u>171,220</u>
		<u>\$ 820,212</u>

The Foundation plans to move its offices into this space by October 31, 2015 and has signed an eleven year lease.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 7. LEASE OBLIGATIONS (CONTINUED)

The Foundation also leases office space in Tokyo under a month-to-month lease agreement. Monthly payments under this agreement are ¥200,000 (approximately \$1,650 at June 30, 2015 exchange rates) and a six-month notice is required to terminate the agreement.

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 \$41,643 and \$43,894 for fiscal years 2015 and 2014, respectively. The Foundation also contributes to a separate plan maintained by the University of Montana for its employees at the Maureen and Mike Mansfield Center at The University of Montana. Retirement plan contribution expense for these employees was \$10,606 and \$11,944 for the years ended June 30, 2015 and 2014, respectively.

The Foundation accrues deferred compensation in lieu of currently contributing to retirement benefits for full-time Japanese employees. Accrued deferred compensation was \$199,599 and \$223,403 at June 30, 2015 and 2014, 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.

At June 30, 2015 and 2014, the Foundation owed the University \$20,719 and \$9,564, respectively, in support of The University of Montana's Mansfield Center.

The accompanying financial statements include \$16,801 and \$37,058 cash and in-kind support received by the Foundation in fiscal years 2015 and 2014, respectively, from the University and its foundation in support of the Center's conferences and teaching and research activities.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2015 and 2014

NOTE 10. CONTINGENCIES

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 24.72% and 21.52% in fiscal 2015 and 2014, respectively. The indirect costs charged to the U.S. Department of State during fiscal 2015 were:

<u>CONTRACT #</u>	<u>RATE</u>
S-ECAGD-13-GR-150(BR)	19.98%
S-ECAGD-14-GR-1100	20.87%
S-ECAGD-15-GR-1057	20.87%

The 2014 and 2015 rates were negotiated and finalized by the U.S. Department of Interior and applied to the grants from the U.S. Department of State.

Grant contracts and agreements are routinely subject to final review and approval by the funding agencies following grant-end dates. The results of these reviews may result in changes to previously recorded grant revenue and expenditures in future accounting periods. It is the Foundation's policy to evaluate the impact of any resulting modifications to previously reported grant financial activity, incorporating adjustments into the accounting period in which the review is finalized or restating previously reported grant revenue and expense, if considered material to the users of the financial statements.

At June 30, 2015, two reviews were in final review and approval status. The Foundation has proposed a reclassification of previously reported expenses in the amount of approximately \$50,000 to \$60,000 for each of two previous grants supporting the Fellowship program. Fellowship grants for fiscal years 2013 and 2012 have not yet been closed. It is the position of management that these reviews will not result in material adjustments to previously reported grant activity.

NOTE 11. CONTRIBUTED SERVICES

In accordance with GAAP, 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>2015</u>	<u>2014</u>
Administration	\$ 1,500	\$ 1,500
US-Japan Network	-	2,898
Mike Mansfield Fellowship Program	42,049	61,732
	<u>\$ 43,549</u>	<u>\$ 66,130</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2015 and 2014

NOTE 12. MAJOR REVENUE SOURCE AND CONCENTRATION OF CREDIT RISK

The Foundation depends on federal funding to support its operations. Contained within revenue and support is \$1,392,404 and \$1,501,960 for fiscal 2015 and 2014, respectively, from the Department of State for the Mansfield Fellowship Program. This represents approximately 98% of grant revenue for both fiscal 2015 and 2014, and approximately 42% and 43% of total unrestricted revenue and support in 2015 and 2014, respectively.

SUPPLEMENTAL INFORMATION

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	Program Services			Operations	Supporting Services			Fundraising	Total 2015	Total 2014
	Foundation	UM	Total		Foundation	UM	Total			
Compensation of officers, directors, etc.	\$ 173,723	\$ 34,548	\$ 208,271	\$ 54,107	\$ 102,354	\$ 40,229	\$ 196,690	\$ 64,113	\$ 469,074	\$ 414,614
Other salaries and wages	289,569	11,325	300,894	41,843	100,717	7,632	150,192	30,940	482,026	505,758
Retirement	18,122	4,784	22,906	7,196	12,264	4,758	24,218	5,125	52,249	55,838
Other employee benefits	40,019	9,696	49,715	14,638	16,482	10,222	41,342	9,297	100,354	159,110
Payroll taxes	24,577	3,853	28,430	8,241	13,913	3,797	25,951	6,849	61,230	57,276
Accounting fees	10,000	-	10,000	4,600	2,046	-	6,646	-	16,646	12,490
Legal fees	-	-	-	-	4,000	-	4,000	-	4,000	6,131
Supplies	2,146	1,364	3,510	3,363	5,451	73	8,887	444	12,841	9,950
Bank charges	578	13	591	10,424	670	-	11,094	31	11,716	10,470
Telephone	707	4	711	1,595	12,313	1,795	15,703	4	16,418	18,172
Postage and shipping	2,732	452	3,184	252	803	1	1,056	334	4,574	6,419
Subscriptions	-	-	-	-	2,908	60	2,968	-	2,968	3,817
Professional Dues/Continuing Education	18	-	18	50	4,017	-	4,067	-	4,085	4,489
Miscellaneous office	7,453	1,276	8,729	278	774	-	1,052	38	9,819	7,260
Occupancy	66,514	-	66,514	3,375	117,914	-	121,289	12,280	200,083	221,295
Parking/commuting	4,051	-	4,051	1,110	12,165	-	13,275	297	17,623	19,247
Equipment rental and maintenance	6,651	16	6,667	57	-	-	57	-	6,724	29,618
Printing and publications	9,406	2,225	11,631	368	13,690	824	14,882	3,293	29,806	52,708
Travel	421,685	98,649	520,334	7,560	22,819	5,513	35,892	9,848	566,074	604,592
Conferences, conventions, and meetings	6,173	2,908	9,081	1,053	-	-	1,053	-	10,134	19,185
Depreciation	-	-	-	491	5,342	922	6,755	-	6,755	6,173
Insurance	-	-	-	3,976	7,518	-	11,494	-	11,494	11,066
Financial management fees	-	-	-	93,623	-	-	93,623	-	93,623	100,536
Recruiting costs	-	685	685	-	3,444	-	3,444	-	4,129	-
Consultants/Prof. Svce/Honorariums	53,302	1,050	54,352	29,237	1,125	-	30,362	4,414	89,128	141,049
Non-employee salaries/taxes/benefits	-	-	-	-	-	-	-	-	-	153,232
Housing/Post/Education allowances	746,115	-	746,115	-	-	-	-	-	746,115	581,805
Language/Area Studies training	22,786	-	22,786	-	-	-	-	-	22,786	20,804
Receptions	67,752	42,638	110,390	681	5,549	913	7,143	651	118,184	114,457
Other expenses	4,861	(452)	4,409	-	-	7,160	7,160	-	11,569	13,795
Allocation of indirect costs	489,098	62,320	551,418	(144,094)	(345,003)	(62,321)	(551,418)	-	-	-
In-kind expenses	42,049	-	42,049	1,500	-	-	1,500	-	43,549	66,130
Total - 2015	\$ 2,510,087	\$ 277,354	\$ 2,787,441	\$ 145,524	\$ 123,275	\$ 21,578	\$ 290,377	\$ 147,958	\$ 3,225,776	\$ 3,427,486
Total - 2014	\$ 2,884,049	\$ 197,857	\$ 3,081,906	\$ 171,318	\$ 70,149	\$ 31,293	\$ 272,760	\$ 72,820		

See Auditor's Report on Supplemental Information.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

<u>FEDERAL GRANTOR /PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT NUMBER</u>	<u>EXPENDITURES</u>
U.S. Department of State:			
The Mike Mansfield			
Fellowship Program	19.415	S-ECAGD-13-GR-150(BR)	\$ 59,647
	19.415	S-ECAGD-14-GR-1100	1,327,618
	19.415	S-ECAGD-15-GR-1057	<u>5,139</u>
Total U.S. Department of State			<u>1,392,404</u>
Japan US Friendship Commission:			
The US-Japan Space Security Forum		Grant No. 14-09	<u>34,819</u>
Total Federal expenditures			<u>\$ 1,427,223</u>

See Accompanying Notes.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

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, 2015:

Federal expenditures	\$ 1,392,404
In-kind contributions	42,049
Foundation expenditures	<u>59,650</u>
Total expenditures per statement of activities	<u>\$ 1,494,103</u>

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF INDIRECT COST RATE COMPUTATION
Year Ended June 30, 2015

	<u>Total</u>	<u>Operations</u>	Maureen and Mike Mansfield Center at the University of Montana	<u>Foundation</u>
<u>INDIRECT COST RATE</u>				
Allowable indirect costs		\$ 151,720	\$ 71,010	\$ 539,461
Distribution base		\$ 2,714,464	\$ 245,029	\$ 2,182,703
Rate		<u>5.59%</u>	<u>28.98%</u>	<u>24.72%</u>
<u>DISTRIBUTION BASE*</u>				
Total expenses	\$ 3,369,870	\$ 289,618	\$ 316,039	\$ 2,764,213
Less: In-kind indirect expenses	(1,500)	(1,500)	-	-
Less: Unallowed and indirect expenses	<u>(1,132,347)</u>	<u>(288,118)</u>	<u>(101,003)</u>	<u>(743,226)</u>
Direct program costs	2,236,023	-	215,036	2,020,987
Less: In-kind direct program costs	(42,049)	-	-	(42,049)
Plus: Unallowable costs	<u>370,156</u>	<u>136,398</u>	<u>29,993</u>	<u>203,765</u>
Distribution base before Centers' allowable IDC	2,564,130	136,398	245,029	2,182,703
Plus: Centers' allowable IDC	<u>150,334</u>	<u>-</u>	<u>(245,029)</u>	<u>395,363</u>
Distribution base after Centers' allowable IDC	<u>\$ 2,714,464</u>	<u>\$ 136,398</u>	<u>\$ -</u>	<u>\$ 2,578,066</u>

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

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF INDIRECT COST RATE COMPUTATION (CONTINUED)
Year Ended June 30, 2015

	Total	Operations	
		Unallowable Costs	Allowable Indirect Costs
INDIRECT COSTS*			
SALARIES AND PAYROLL EXPENSE			
Salaries	\$ 346,882	\$ -	\$ 95,950
Payroll taxes and benefits	91,511	-	30,075
	<u>\$ 438,393</u>	<u>-</u>	<u>126,025</u>
OFFICE EXPENSE			
Rent, utilities	121,289	-	3,375
Parking, commuting benefits	13,275	-	1,110
Office supplies	8,887	-	3,363
Bank charges	11,094	8,065	2,359
Telephone and fax	15,703	-	1,595
Postage and delivery	1,056	159	93
Printing and copying	14,882	-	368
Subscriptions and research materials	2,968	-	-
Professional dues	4,067	-	50
Miscellaneous office expense	974	-	278
Total office expense	<u>194,195</u>	<u>8,224</u>	<u>12,591</u>
INSURANCE	<u>11,494</u>	<u>3,976</u>	<u>-</u>
REPAIRS AND MAINTENANCE	<u>57</u>	<u>-</u>	<u>57</u>
TRAVEL	<u>35,892</u>	<u>-</u>	<u>7,560</u>
BOARD MEETINGS	<u>1,053</u>	<u>657</u>	<u>396</u>
PROFESSIONAL FEES			
Consultants	30,362	29,237	-
Financial management fee	93,623	93,623	-
Accounting fees	8,146	-	6,100
Legal fees	4,000	-	-
Total professional fees	<u>136,131</u>	<u>122,860</u>	<u>6,100</u>
FUNDRAISING	<u>147,958</u>	<u>-</u>	<u>-</u>
INTEREST EXPENSE	<u>78</u>	<u>-</u>	<u>-</u>
UM ADMINISTRATIVE ASSESSMENT	<u>7,160</u>	<u>-</u>	<u>-</u>
ADVERTISING/RECRUITMENT	<u>3,444</u>	<u>-</u>	<u>-</u>
MISCELLANEOUS	<u>-</u>	<u>-</u>	<u>-</u>
DEPRECIATION	<u>6,755</u>	<u>-</u>	<u>491</u>
RECEPTIONS/HOSPITALITY	<u>7,143</u>	<u>681</u>	<u>-</u>
Total indirect costs before allocation	989,753	136,398	153,220
Less: in-kind expenses	(1,500)	-	(1,500)
Total indirect costs for rate calculation before allocation	988,253	136,398	151,720
ALLOCATION OF OPERATIONS ALLOWABLE			
INDIRECT COSTS TO CENTERS*	-	-	(144,094)
TOTAL INDIRECT COSTS FOR IDC RATE CALCULATION	<u>\$ 988,253</u>	<u>\$ 136,398</u>	<u>\$ 7,626</u>

*Indirect Costs do not include any direct program expenses.
See Auditor's Report on Supplemental Information.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF INDIRECT COST RATE COMPUTATION (CONTINUED)
Year Ended June 30, 2015

	Maureen and Mike Mansfield Center at the University of Montana		Foundation	
	Unallowable Costs	Allowable Indirect Costs	Unallowable Costs	Allowable Indirect Costs
<u>INDIRECT COSTS*</u>				
SALARIES AND PAYROLL EXPENSE				
Salaries	\$ 6,182	\$ 41,679	\$ 37,074	\$ 165,997
Payroll taxes and benefits	<u>2,383</u>	<u>16,394</u>	<u>7,972</u>	<u>34,687</u>
	<u>8,565</u>	<u>58,073</u>	<u>45,046</u>	<u>200,684</u>
OFFICE EXPENSE				
Rent, utilities	-	-	6,074	111,840
Parking, commuting benefits	-	-	7	12,158
Office supplies	-	73	81	5,370
Bank charges	-	-	15	655
Telephone and fax	-	1,795	206	12,107
Postage and delivery	-	1	490	313
Printing and copying	295	529	2,460	11,230
Subscriptions and research materials	60	-	-	2,908
Professional dues	-	-	47	3,970
Miscellaneous office expense	-	-	157	539
Total office expense	<u>355</u>	<u>2,398</u>	<u>9,537</u>	<u>161,090</u>
INSURANCE	-	-	-	7,518
REPAIRS AND MAINTENANCE	-	-	-	-
TRAVEL	<u>3,056</u>	<u>2,457</u>	<u>11,701</u>	<u>11,118</u>
BOARD MEETINGS	-	-	-	-
PROFESSIONAL FEES				
Consultants	-	-	1,000	125
Financial management fee	-	-	-	-
Accounting fees	-	-	-	2,046
Legal fees	-	-	-	4,000
Total professional fees	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>6,171</u>
FUNDRAISING	<u>17,104</u>	-	<u>130,854</u>	-
INTEREST EXPENSE	-	-	<u>78</u>	-
UM ADMINISTRATIVE ASSESSMENT	-	<u>7,160</u>	-	-
ADVERTISING/RECRUITMENT	-	-	-	3,444
MISCELLANEOUS	-	-	-	-
DEPRECIATION	-	<u>922</u>	-	<u>5,342</u>
RECEPTIONS/HOSPITALITY	<u>913</u>	-	<u>5,549</u>	-
Total indirect costs before allocation	29,993	71,010	203,765	395,367
Less: in-kind expenses	-	-	-	-
Total indirect costs for rate calculation before allocation	29,993	71,010	203,765	395,367
ALLOCATION OF OPERATIONS ALLOWABLE				
INDIRECT COSTS TO CENTERS*	-	-	-	<u>144,094</u>
TOTAL INDIRECT COSTS FOR IDC RATE CALCULATION	<u>\$ 29,993</u>	<u>\$ 71,010</u>	<u>\$ 203,765</u>	<u>\$ 539,461</u>

See Auditor's Report on Supplemental Information.

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of The Maureen and Mike Mansfield Foundation (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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 and correct 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that may not have been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Anderson Zurmuehlen & Co., P.C." The signature is written in a cursive, flowing style.

Helena, Montana
October 13, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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

Report on Compliance for Each Major Federal Program

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 programs for the year ended June 30, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the Foundation's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Helena, Montana
October 13, 2015

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2015

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued:	Unmodified
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:	Unmodified
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, 2015, was as follows:

The Mike Mansfield Fellowship Program granted by the Department of State. The CFDA number for this program is #19.415.

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, 2015

Section II - Financial Statement Findings:

None reported.

Section III - Federal Awards Findings and Questioned Costs:

The audit disclosed no findings which were required to be reported under the provisions of OMB Circular A-133.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015

Section II - Financial Statement Findings:

None reported.

Section III - Federal Awards Findings and Questioned Costs:

The audit disclosed no findings which were required to be reported under the provisions of OMB Circular A-133.



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