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, 2016

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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.

October 10, 2016

Frank Jannuzi
President and CEO

William Sawyer
Fiscal Affairs Director

anderson ZURMUEHLEN

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Other Matters
Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Management's Certification Statement on page 1 is the responsibility of management, and is of a non-accounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it. The schedule of functional expenses, on page 27, and the indirect cost rate computation, starting on page 30, 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 28, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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 14, 2016, 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 14, 2016

FINANCIAL STATEMENTS

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash and temporary investments	$ 374,072	$ 157,801
Receivables:		
Service receivables	51,228	6,165
Grants	105,039	120,238
Contributions	10,000	31,015
Prepaid expenses and other current assets	149,583	128,691
Total current assets	689,922	443,910
PROPERTY AND EQUIPMENT, at cost		
Leasehold improvements	176,613	166,757
Furniture and equipment	172,863	197,120
	349,476	363,877
Less accumulated depreciation	300,848	342,233
Net property and equipment	48,628	21,644
ENDOWED ASSETS		
Endowed cash and temporary investments	442,441	504,427
Investment securities	10,011,849	10,469,688
Accrued interest	25,056	30,641
Total endowed assets	10,479,346	11,004,756
RESTRICTED CASH AND TEMPORARY INVESTMENTS		
Japan's Friendship Ties exchange program	11,734,934	-
Total restricted cash and temporary investments	11,734,934	-
Total assets	$ 22,952,830	$ 11,470,310

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, 2016 and 2015

LIABILITIES	2016	2015
CURRENT LIABILITIES		
Accounts payable	$ 122,827	$ 118,830
Accrued expenses	391,149	293,265
Deferred rent	84,077	-
Agency funds	11,507,285	-
Deferred revenue	754,234	240,590
Total current liabilities	12,859,572	652,685
NET ASSETS		
Unrestricted		
Undesignated - operating	(386,088)	(187,131)
Board designated for the endowment	166,517	166,517
Total unrestricted	(219,571)	(20,614)
Temporarily restricted		
Endowment temporarily restricted net assets	4,326,420	4,851,830
Permanently restricted	5,986,409	5,986,409
	10,093,258	10,817,625
Total liabilities and net assets	$ 22,952,830	$ 11,470,310

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, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
Revenue and support:		
Interest on temporary cash investments	$ 39	$ 61
Grant revenue	1,226,321	1,427,223
Unrestricted contributions	24,299	150,350
Corporate affiliate fees	133,333	108,333
Program fees and contract revenue	359,077	249,855
Other income	5,112	1,724
	1,748,181	1,937,546
Net assets released from restrictions	1,105,470	1,349,859
Total unrestricted revenue and support	2,853,651	3,287,405
Program expenses:		
Maureen and Mike Mansfield Center at		
The University of Montana:		
Mansfield Conferences	199,315	164,990
Asian Exchanges/Training	50,336	101,468
Teaching, Research, and Public Education	19,259	10,896
	268,910	277,354
Mansfield Foundation:		
Mike Mansfield Fellowship Program	1,208,429	1,494,103
Asian Exchanges/Training	134,315	166,865
PhRMA Exchange	236,399	185,595
Rule of Law	63,889	29,332
US-Japan Network	169,607	306,811
US-Korea Network	155,812	19,489
Space Security	149,224	92,363
Nuclear Working Group	52,203	6,304
Research and Education	50,885	59,398
Miscellaneous Programs	106,667	149,827
	2,327,430	2,510,087
Total program expenses	2,596,340	2,787,441

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, 2016 and 2015

	2016	2015
General and administrative expenses:		
Salaries and payroll	411,486	438,393
Office	198,292	194,273
Insurance	13,239	11,494
Repairs/Maintenance	546	57
Advertising/Recruitment	1,695	3,444
Travel	15,697	35,892
Board meetings/travel	5,267	1,053
Professional fees	127,642	136,131
UM administrative assessment	8,176	7,160
Hospitality and program development	5,425	7,143
Equipment purchase	15,110	-
Depreciation	11,912	6,755
Miscellaneous	5,791	-
Total general and administrative expenses	820,278	841,795
Less indirect costs allocated to programs	(514,760)	(551,418)
	305,518	290,377
Fundraising expenses	150,750	147,958
Total expenses	3,052,608	3,225,776
Change in unrestricted net assets	(198,957)	61,629
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily restricted support	672,020	809,254
Endowment interest and dividend income	319,616	280,442
Endowment realized and unrealized gains (losses) on investments	(411,576)	16,831
Net assets released from restrictions	(1,105,470)	(1,349,859)
Change in temporarily restricted net assets	(525,410)	(243,332)
PERMANENTLY RESTRICTED NET ASSETS		
Contributions to the endowment fund	-	253,066
Change in net assets	(724,367)	71,363
Net assets at the beginning of the year	10,817,625	10,746,262
Net assets at the end of the year	$ 10,093,258	$ 10,817,625

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, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (724,367)	$ 71,363
Adjustments to reconcile the change in net assets to net cash from operating activities		
Depreciation	11,912	6,755
Realized and unrealized gains (losses) on investments	411,576	(16,831)
Permanently restricted contributions	-	(253,066)
Change in operating assets and liabilities:		
Receivables	(3,264)	92,609
Prepaid expenses and other assets	(20,892)	163
Accounts payable	3,997	(32,557)
Accrued expenses	97,884	(37,339)
Deferred rent	84,077	-
Deferred revenue	513,644	(40,938)
Net cash flows from operating activities	374,567	(209,841)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment securities	2,354,486	5,487,404
Purchase of investment securities	(2,308,223)	(5,285,419)
Purchase of property and equipment	(38,896)	(11,566)
Net cash flows from investing activities	7,367	190,419
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds restricted for program use	11,507,285	-
Permanently restricted contributions	-	253,066
Net cash flows provided by financing activities	11,507,285	253,066
Net change in cash and temporary investments	11,889,219	233,644
CASH AND TEMPORARY INVESTMENTS, Beginning of year	662,228	428,584
CASH AND TEMPORARY INVESTMENTS, End of year	$ 12,551,447	$ 662,228
NON-CASH INVESTING AND FINANCING ACTIVITY		
Disposal of property and equipment	$ -	$ 10,307

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

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 2016 and 2015

	2016	2015
CASH AND TEMPORARY INVESTMENTS ARE PRESENTED IN THE ACCOMPANYING STATEMENT OF FINANCIAL POSITION UNDER THE FOLLOWING CAPTIONS		
Cash and temporary investments	$ 374,072	$ 157,801
Endowed cash and temporary investments	442,441	504,427
Restricted cash and cash equivalents	11,734,934	-
	$ 12,551,447	$ 662,228

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

NOTE l. 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.

The financial statements include all significant revenues and expenditures associated with the Foundation's support of Maureen and Mike Mansfield Center at The University of Montana that are included in various funds in the University of Montana's accounting system.

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. Estimates may differ from actual results.

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.

Restricted and Unrestricted Revenue and Support

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 1, 2015 and June 27, 2016 were partially expended during fiscal year 2016. Approximately $1,226,321 and $1,427,223 of this grant support had been spent as of June 30, 2016 and 2015, respectively. The remaining grant funds of $1,617,102 and $1,272,550, respectively, are expected to be spent within one year. These timing differences can create the appearance of significant year over year differences in revenues.

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

Restricted and Unrestricted Revenue and Support (Continued)
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.

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, 2016 and 2015, there were $210,735 and $254,428 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.

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.

Agency Funds

On January 22, 2016, the Foundation signed an agreement to administer the Japan's Friendship Ties Program with the Japanese government that will provide language and cultural study abroad programs in Japan. The Foundation will receive an administrative fee of approximately 2.41% of the total grant. The Japanese government provided all funding in advance and requires the Foundation to hold these funds in a separate bank account, which is presented in the restricted cash and cash equivalents on the statement of financial position as of June 30, 2016. The cash held in excess of what has been earned by the Foundation is presented as agency funds of $11,507,285 on the statement of financial position as of June 30, 2016.

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 7.81% and 5.70% for the years ended June 30, 2016 and 2015, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

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

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 2013.

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 gains incurred were $2,822 for the year ended June 30, 2016. Foreign currency transaction losses were $3,830 for the year ended June 30, 2015.

Reclassification
Certain reclassifications have been made to the 2015 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 14, 2016, 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.

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;

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

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, 2016 and 2015.

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

Cost and fair value of marketable securities at June 30, 2016 and 2015, are as follows:

	Total June 30, 2016	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	$ 2,059,625	$ 2,059,625	$ -	$ -
Small-Mid Cap	836,730	836,730	-	-
Equity Mutual Funds				
Large Cap Growth	870,623	870,623	-	-
International	480,035	480,035	-	-
Real Estate	456,104	456,104	-	-
International	1,175,459	1,175,459	-	-
Debt Securities				
Fixed Income Mutual Funds	728,087	728,087	-	-
Government and Agency Securities	2,592,412	-	2,592,412	-
Alternative Investments	812,774	-	812,774	-
Total Assets	$ 10,011,849	$ 6,606,663	$ 3,405,186	$ -

	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	853,586	-	853,586	-
Total Assets	$ 10,469,688	$ 7,267,903	$ 3,201,785	$ -

NOTE 2. INVESTMENT SECURITIES (CONTINUED)

The following table summarizes the alternative investments measured at fair value based on NAV per share as of June 30, 2016 and 2015.

For the Year Ended June 30,	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
2016				
Alternative investments	$ 812,774	n/a	Fortnightly	19 days
2015				
Alternative investments	$ 853,586	n/a	Fortnightly	19 days

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

	Cost	Fair Value	Net Unrealized Appreciation/ (Depreciation)
2016			
Equity securities	$ 5,576,262	$ 5,878,576	$ 302,314
Debt securities	3,357,468	3,320,499	(36,969)
Alternative investments	845,439	812,774	(32,665)
Total assets	$ 9,779,169	$ 10,011,849	$ 232,680
2015			
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	$ 10,015,597	$ 10,469,688	$ 454,091

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

	Unrestricted	Temporarily Restricted	Total
2016			
Endowment interest and dividend income	$ -	$ 319,616	$ 319,616
Endowment realized and unrealized gains	-	(411,576)	(411,576)
Total investment return	$ -	$ (91,960)	$ (91,960)
2015			
Endowment interest and dividend income	$ -	$ 280,442	$ 280,442
Endowment realized and unrealized gains	-	16,831	16,831
Total investment return	$ -	$ 297,273	$ 297,273

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
2016						
Description of securities						
Equity securities	$ 498,684	$ (59,598)	$ 1,472,419	$ (385,282)	$ 1,971,103	$ (444,880)
Debt securities	22,610	(741)	680,503	(90,483)	703,113	(91,224)
Alternative securities	37,082	(388)	775,692	(32,276)	812,774	(32,664)
	$ 558,376	$ (60,727)	$ 2,928,614	$ (508,041)	$ 3,486,990	$ (568,768)
2015						
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)

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, 2016 and 2015. One hundred forty-two (142) and one hundred thirty (130) securities are in an unrealized loss position as of June 30, 2016 and 2015, respectively. Management considers these losses to be 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 $91,709 and $93,623 for the years ended June 30, 2016 and 2015, respectively.

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.

	2016	2015
Board appropriation of endowment funds	$ 433,450	$ 541,751
Purpose restrictions accomplished		
Maureen and Mike Mansfield Center at The University of Montana		
Mansfield Conferences	100,886	96,144
Asia exchanges	31,460	56,666
Foundation Programs		
Mike Mansfield Fellowship Program, non-federal support	41,418	42,049
US Japan Space Security	25,086	36,000
Asia exchange	60,100	191,462
Rule of Law	50,980	15,000
US Asia Networks	264,426	249,433
Nuclear Working Group	56,744	6,304
Operations	39,600	70,500
Miscellaneous programs	1,320	44,550
Total purpose restrictions accomplished	672,020	808,108
Total net assets released from restrictions	$ 1,105,470	$ 1,349,859

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

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

	2016	2015
Center support and Foundation programs	$ 4,326,420	$ 4,851,830

NOTE 5. PERMANENTLY RESTRICTED NET ASSETS

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

	2016	2015
The programs and operations of the Foundation	$ 5,586,459	$ 5,586,459
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	49,950	49,950
Total permanently restricted net assets	$ 5,986,409	$ 5,986,409

NOTE 6. ENDOWMENT NET ASSETS

At June 30, 2016 and 2015, 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.

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.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2016				
Donor restricted funds	$ -	$ 4,326,420	$ 5,986,409	$ 10,312,829
Board designated funds	166,517	-	-	166,517
Total funds	$ 166,517	$ 4,326,420	$ 5,986,409	$ 10,479,346
2015				
Donor restricted funds	$ -	$ 4,851,830	$ 5,986,409	$ 10,838,239
Board designated funds	166,517	-	-	166,517
Total funds	$ 166,517	$ 4,851,830	$ 5,986,409	$ 11,004,756

NOTE 6. ENDOWMENT NET ASSETS (CONTINUED)

Changes in net asset composition by type of fund for the years ended June 30, 2016 and 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2014	$ 166,517	$ 5,095,162	$ 5,733,343	$ 10,995,022
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	166,517	4,851,830	5,986,409	11,004,756
Investment return				
Investment income	-	319,616	-	319,616
Net appreciation/(depreciation)	-	(411,576)	-	(411,576)
Total investment return	-	(91,960)	-	(91,960)
Contributions	-	-	-	-
Appropriation for expenditure	-	(433,450)	-	(433,450)
Endowment net assets, June 30, 2016	$ 166,517	$ 4,326,420	$ 5,986,409	$ 10,479,346

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, 2016 or 2015.

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.

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 2016 and 2015 distributions were 4.5%.

NOTE 7. LEASE OBLIGATIONS

The Foundation leases office space under operating lease agreements. Rent expense for fiscal 2016 and 2015 was $195,943 and $200,083, respectively. Minimum future lease commitments for the next five years are:

June 30,	
2017	$ 158,982
2018	162,963
2019	167,050
2020	171,220
2021	177,949
2022	183,623
	$ 1,021,787

The Foundation executed a new, eleven-year lease on November 1, 2015. This lease allows for a rent holiday for the first six months of the first year of the term lease and the first six months of the second year of the term lease. Therefore, deferred rent expense of $84,077 has been presented in the statement of financial position as of June 30, 2016.

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 $1,940 per month, at June 30, 2016 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 $47,170 and $41,643 for fiscal years 2016 and 2015, 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 $11,590 and $10,606 for the years ended June 30, 2016 and 2015, respectively.

The Foundation accrues deferred compensation in lieu of currently contributing to retirement benefits for full-time Japanese employees. Accrued deferred compensation was $262,204 and $199,599 at June 30, 2016 and 2015, 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, 2016 and 2015, the Foundation owed the University $8,593 and $20,719, respectively, in support of The University of Montana's Mansfield Center.

The accompanying financial statements include $16,801 cash and in-kind support received by the Foundation in fiscal year 2015 from the University and its foundation in support of the Center's conferences and teaching and research activities. No cash and in-kind support was received by the Foundation from the University and its foundation support in fiscal year 2016.

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 25.05% and 24.72% in fiscal 2016 and 2015, respectively. The indirect costs charged to the U.S. Department of State during fiscal 2016 were:

CONTRACT #	RATE
S-ECAGD-14-GR-1100	20.87%
S-ECAGD-15-GR-1057	16.07%
S-ECAGD-16-GR-1068	18.00%

The 2016 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.

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:

	2016	2015
Administration	$ 1,500	$ 1,500
Space Security	2,000	-
Mike Mansfield Fellowship Program	41,418	42,049
	$ 44,918	$ 43,549

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 $1,067,420 and $1,392,404 for fiscal 2016 and 2015, respectively, from the Department of State for the Mansfield Fellowship Program. This represents approximately 87% and 98% of grant revenue for fiscal years ended June 30, 2016 and 2015, respectively, and approximately 37% and 42% of total unrestricted revenue and support in 2016 and 2015, respectively. Loss of this funding could significantly impact the Foundation's ability to continue as a going concern.

SUPPLEMENTAL INFORMATION

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	Program Services			Supporting Services						
	Foundation	UM	Total	Operations	Foundation	UM	Total	Fundraising	Total 2016	Total 2015
Compensation of officers, directors, etc.	$ 194,419	$ 54,364	$ 248,783	$ 57,302	$ 81,080	$ 37,551	$ 175,933	$ 51,218	$ 475,934	$ 469,074
Other salaries and wages	322,242	8,208	330,450	41,048	82,019	8,356	131,423	32,473	494,346	482,026
Retirement	25,266	6,264	31,530	7,198	10,599	4,057	21,854	5,376	58,760	52,249
Other employee benefits	143,210	12,622	155,832	19,490	30,823	10,356	60,669	20,644	237,145	100,354
Payroll taxes	26,400	4,724	31,124	8,326	9,752	3,529	21,607	4,961	57,692	61,230
Accounting fees	11,011	971	11,982	1,546	2,318	-	3,864	-	15,846	16,646
Legal fees	-	-	-	-	1,768	-	1,768	-	1,768	4,000
Supplies	1,785	280	2,065	3,282	10,427	288	13,997	35	16,097	12,841
Bank charges	472	15	487	7,407	1,096	-	8,503	30	9,020	11,716
Telephone	391	46	437	1,553	7,103	4,824	13,480	18	13,935	16,418
Postage and shipping	2,547	575	3,122	375	432	7	814	210	4,146	4,574
Subscriptions	-	270	270	8	3,966	-	3,974	-	4,244	2,968
Professional Dues/Continuing Education	265	-	265	-	3,654	-	3,654	150	4,069	4,085
Miscellaneous office	453	-	453	308	2,628	-	2,936	-	3,389	9,819
Occupancy	73,311	-	73,311	3,375	111,461	-	114,836	7,796	195,943	200,083
Parking/commuting	-	447	447	-	21,759	-	21,759	-	22,206	17,623
Equipment rental and maintenance	2,352	52	2,404	-	546	-	546	-	2,950	6,724
Printing and publications	27,082	11,936	39,018	617	13,287	503	14,407	2,745	56,170	29,806
Travel	419,686	48,919	468,605	3,493	12,490	(286)	15,697	12,449	496,751	566,074
Conferences, conventions, and meetings	4,097	1,404	5,501	5,267	-	-	5,267	-	10,768	10,134
Equipment purchase	-	-	-	-	15,110	-	15,110	-	15,110	-
Depreciation	-	-	-	2,077	8,449	1,386	11,912	-	11,912	6,755
Insurance	-	-	-	4,378	8,861	-	13,239	-	13,239	11,494
Financial management fees	-	-	-	91,709	-	-	91,709	-	91,709	93,623
Recruiting costs	15	1,195	1,210	1,695	-	-	1,695	-	2,905	4,129
Consultants/Prof. Svce/Honorariums	55,908	14,175	70,083	28,800	-	-	28,800	4,540	103,423	89,128
Non-employee salaries/taxes/benefits	87,795	-	87,795	-	-	-	-	-	87,795	-
Housing/Post/Education allowances	228,696	-	228,696	-	-	-	-	-	228,696	746,115
Language/Area Studies training	118,900	-	118,900	-	-	-	-	-	118,900	22,786
Receptions	57,204	45,353	102,557	1,917	3,492	16	5,425	7,654	115,636	118,184
Other expenses	22,771	64	22,835	-	5,724	8,176	13,900	451	37,186	11,569
Allocation of indirect costs	457,734	57,026	514,760	(145,486)	(312,248)	(57,026)	(514,760)	-	-	-
In-kind expenses	43,418	-	43,418	1,500	-	-	1,500	-	44,918	43,549
Total - 2016	$ 2,327,430	$ 268,910	$ 2,596,340	$ 147,185	$ 136,596	$ 21,737	$ 305,518	$ 150,750	$ 3,052,608	$ 3,225,776
Total - 2015	$ 2,510,087	$ 277,354	$ 2,787,441	$ 145,524	$ 123,275	$ 21,578	$ 290,377	$ 147,958		

See Auditor's Report on Supplemental Information.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

FEDERAL GRANTOR /PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	EXPENDITURES
U.S. Department of State:			
The Mike Mansfield Fellowship Program	19.415	S-ECAGD-14-GR-1100	$ 34,088
	19.415	S-ECAGD-15-GR-1057	1,031,046
	19.415	S-ECAGD-16-GR-1068	2,286
Total U.S. Department of State			1,067,420
Japan US Friendship Commission:			
The US-Japan Space Security Forum		Grant No. 16-05	106,069
2016 Foley-JUSFC Legislative Exchange		Grant No. 16-25	52,832
Total Japan US Friendship Commission			158,901
Total Federal expenditures			$ 1,226,321

See Accompanying Notes.

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of the Foundation under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Foundation, it is not intended to, and does not present, the financial position, changes in net assets, or cash flows of the Foundation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting which is the method of accounting used for the financial statements. Such expenditures are recognized following, as applicable, either the cost principles of Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance),* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. 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, 2016:

Federal expenditures	$ 1,067,420
In-kind contributions	41,418
Foundation expenditures	99,591
Total expenditures per statement of activities	$ 1,208,429

NOTE 4. INDIRECT COST RATE

The Foundation has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance. Instead the Foundation has received an approved indirect cost rate of 25.05% for the year ended June 30, 2016.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF INDIRECT COST RATE COMPUTATION
Year Ended June 30, 2016

	Total	Operations	Maureen and Mike Mansfield Center at the University of Montana	Foundation
INDIRECT COST RATE				
Allowable indirect costs		$ 153,788	$ 65,363	$ 511,646
Distribution base		$ 2,545,684	$ 242,857	$ 2,042,137
Rate		6.04%	26.91%	25.05%
DISTRIBUTION BASE*				
Total expenses	$ 3,198,094	$ 292,673	$ 308,220	$ 2,597,201
Less: In-kind indirect expenses	(1,500)	(1,500)	-	-
Less: Unallowed and indirect expenses	(1,115,014)	(291,173)	(96,337)	(727,504)
Direct program costs	2,081,580	-	211,883	1,869,697
Less: In-kind direct program costs	(43,418)	-	-	(43,418)
Plus: Unallowable costs	384,217	137,385	30,974	215,858
Distribution base before Centers' allowable IDC	2,422,379	137,385	242,857	2,042,137
Plus: Centers' allowable IDC	123,305	-	(242,857)	366,162
Distribution base after Centers' allowable IDC	$ 2,545,684	$ 137,385	$ -	$ 2,408,299

* 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, 2016

	Total	Operations	
		Unallowable Costs	Allowable Indirect Costs
INDIRECT COSTS*			
SALARIES AND PAYROLL EXPENSE			
Salaries	$ 307,356	$ -	$ 98,350
Payroll taxes and benefits	104,130	-	35,015
	$ 411,486	-	133,365
OFFICE EXPENSE			
Rent, utilities	114,836	-	3,375
Parking, commuting benefits	21,759	-	-
Office supplies	13,997	61	3,221
Bank charges	8,503	5,049	2,358
Telephone and fax	13,480	-	1,553
Postage and delivery	814	18	357
Printing and copying	14,407	186	431
Subscriptions and research materials	3,974	-	8
Professional dues	3,654	-	-
Miscellaneous office expense	2,936	-	308
Total office expense	198,360	5,314	11,611
INSURANCE	13,239	4,378	-
REPAIRS AND MAINTENANCE	546	-	-
TRAVEL	15,697	-	3,493
BOARD MEETINGS	5,267	5,267	-
PROFESSIONAL FEES			
Consultants	28,800	28,800	-
Financial management fee	91,709	91,709	-
Accounting fees	5,366	-	3,047
Legal fees	1,768	-	-
Total professional fees	127,643	120,509	3,047
FUNDRAISING	150,750	-	-
INTEREST EXPENSE	65	-	-
UM ADMINISTRATIVE ASSESSMENT	8,176	-	-
ADVERTISING/RECRUITMENT	1,695	-	1,695
MISCELLANEOUS	5,657	-	-
DEPRECIATION	18,573	-	2,077
RECEPTIONS/HOSPITALITY	13,874	1,917	-
Total indirect costs before allocation	971,028	137,385	155,288
Less: in-kind expenses	(1,500)	-	(1,500)
Total indirect costs for rate calculation before allocation	969,528	137,385	153,788
ALLOCATION OF OPERATIONS ALLOWABLE INDIRECT COSTS TO CENTERS*	-	-	(145,486)
TOTAL INDIRECT COSTS FOR IDC RATE CALCULATION	$ 969,528	$ 137,385	$ 8,302

*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, 2016

	Maureen and Mike Mansfield Center at the University of Montana		Foundation	
	Unallowable Costs	Allowable Indirect Costs	Unallowable Costs	Allowable Indirect Costs
INDIRECT COSTS*				
SALARIES AND PAYROLL EXPENSE				
Salaries	$ 9,533	$ 36,374	$ 30,898	$ 132,201
Payroll taxes and benefits	3,949	13,993	8,201	42,972
	13,482	50,367	39,099	175,173
OFFICE EXPENSE				
Rent, utilities	-	-	3,318	108,143
Parking, commuting benefits	-	-	21,759	-
Office supplies	-	288	338	10,089
Bank charges	-	-	280	816
Telephone and fax	8	4,816	5	7,098
Postage and delivery	-	7	161	271
Printing and copying	340	163	-	13,287
Subscriptions and research materials	-	-	-	3,966
Professional dues	-	-	2,699	955
Miscellaneous office expense	-	-	1,987	641
Total office expense	348	5,274	30,547	145,266
INSURANCE	-	-	-	8,861
REPAIRS AND MAINTENANCE	-	-	451	95
TRAVEL	(446)	160	9,028	3,462
BOARD MEETINGS	-	-	-	-
PROFESSIONAL FEES				
Consultants	-	-	-	-
Financial management fee	-	-	-	-
Accounting fees	-	-	-	2,319
Legal fees	-	-	-	1,768
Total professional fees	-	-	-	4,087
FUNDRAISING	17,574	-	133,176	-
INTEREST EXPENSE	-	-	65	-
UM ADMINISTRATIVE ASSESSMENT	-	8,176	-	-
ADVERTISING/RECRUITMENT	-	-	-	-
MISCELLANEOUS	-	-	-	5,657
DEPRECIATION	-	1,386	-	15,110
RECEPTIONS/HOSPITALITY	16	-	3,492	8,449
Total indirect costs before allocation	30,974	65,363	215,858	366,160
Less: in-kind expenses	-	-	-	-
Total indirect costs for rate calculation before allocation	30,974	65,363	215,858	366,160
ALLOCATION OF OPERATIONS ALLOWABLE INDIRECT COSTS TO CENTERS*	-	-	-	145,486
TOTAL INDIRECT COSTS FOR IDC RATE CALCULATION	$ 30,974	$ 65,363	$ 215,858	$ 511,646

*Indirect Costs do not include any direct program expenses.

See Auditor's Report on Supplemental Information.

SINGLE AUDIT SECTION

ANDERSON ZURMUEHLEN & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
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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, 2016, 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 14, 2016.

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.

Helena, Montana
October 14, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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 U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Foundation's major federal programs for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. *Code of federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Helena, Montana
October 14, 2016

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

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 2 CFR 200.516(a)?	No

The major program for the year ended June 30, 2016, 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:	$750,000
Auditee qualified as low-risk auditee?	Yes

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 Uniform Guidance.

THE MAUREEN AND MIKE MANSFIELD FOUNDATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

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 Uniform Guidance.

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