One Valley
COMMUNITY FOUNDATION

Financial Statements
with
Independent Auditors' Report

December 31, 2020

ONE VALLEY COMMUNITY FOUNDATION
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RUDD&COMPANY PLLC
certified public accountants | business consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of One Valley Community Foundation

We have audited the accompanying financial statements of One Valley Community Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 One Valley Community Foundation as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Rudd & Company, PLLC

Bozeman, Montana
November 15, 2021

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ONE VALLEY COMMUNITY FOUNDATION
Statement of Financial Position
For the Year Ended December 31, 2020

Assets		
Current Assets		
Cash and cash equivalents	$	404,855
Pledges receivable		15,000
Total Current Assets		419,855
Intangible assets, net of accumulated amortization		14,490
Investments		
Donor advised funds		42,910,681
Endowments		765,694
Charitable gift annuities		668,850
Agency endowments		95,848
Total Investments		44,441,073
Total Assets		44,875,418
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		6,871
Grants payable		10,000
Payroll liabilities		623
Emergency funds payable		58,795
Charitable gift annuity payment liability		7,300
Total Current Liabilities		83,589
Long-Term Liabilities		
Charitable gift annuity payment liability, net of current		231,620
Funds held as agency endowments		95,548
Total Long-Term Liabilities		327,168
Total Liabilities		410,757
Net Assets		
Without Donor Restrictions (Note 1)		
Undesignated funds		282,354
Donor advised funds		42,956,021
Endowment funds		797,992
Total Without Donor Restrictions		44,036,367
With Donor Restrictions		428,294
Total Net Assets		44,464,661
Total Liabilities and Net Assets	$	44,875,418

The accompanying notes are an integral part of these statements.

ONE VALLEY COMMUNITY FOUNDATION
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Support			
Contributions	$ 43,213,155	$ 41,519	$ 43,254,674
Direct beneficiary gifts	89,148	-	89,148
Investment income, net	317,757	42,521	360,278
In-kind support	30,785	-	30,785
Change in value of planned gift liabilities	-	(13,169)	(13,169)
Other income	82,669	-	82,669
Program income	27,422	-	27,422
Net assets released from restrictions	5,548	(5,548)	-
Total Revenues and Support	43,766,484	65,323	43,831,807
Expenses			
Program services	1,020,958	-	1,020,958
Management and general	22,614	-	22,614
Fundraising and development	8,480	-	8,480
Total Expenses	1,052,052	-	1,052,052
Change in Net Assets	42,714,432	65,323	42,779,755
Net Assets, Beginning of Year	1,321,935	362,971	1,684,906
Net Assets, End of Year	$ 44,036,367	$ 428,294	$ 44,464,661

The accompanying notes are an integral part of these statements.

ONE VALLEY COMMUNITY FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Management and General	Fundraising and Development	Totals
Advertising and promotional	$ 1,848	$ 166	$ 62	$ 2,076
Amortization	3,224	290	109	3,623
Bank charges	3,192	287	108	3,587
Computer software	4,052	364	137	4,553
Event expense	502	45	17	564
Grants	697,603	-	-	697,603
Insurance	1,373	123	46	1,542
Legal and professional	27,274	2,452	919	30,645
Miscellaneous	5,114	460	172	5,746
Occupancy	13,690	1,231	461	15,382
Office and supplies	30,549	2,746	1,030	34,325
Payroll and related expenses	160,179	14,398	5,399	179,976
Program	71,777	-	-	71,777
Travel and meetings	581	52	20	653
Total	$ 1,020,958	$ 22,614	$ 8,480	$ 1,052,052

The accompanying notes are an integral part of these statements.

ONE VALLEY COMMUNITY FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash Flows from Operating Activities	
Change in Net Assets	$ 42,779,755
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities	
Amortization	3,623
Noncash contributions	(42,415,926)
Realized and unrealized gains on investments	(308,365)
Change in value of planned gift annuities	13,169
Forgiveness of Paycheck Protection Program ("PPP") loan	(22,323)
(Increase) decrease in operating assets	
Pledges receivable	(15,000)
Agency endowments	293
Increase (decrease) in operating liabilities	
Accounts payable	7,283
Grants payable	9,224
Payroll liabilities	(837)
Emergency funds payable	58,795
Charitable gift annuity payment liability	38,653
Funds held as agency endowments	4,143
Net Cash Provided by Operating Activities	152,487
Cash Flows from Investing Activities	
Purchase of investments	(269,113)
Proceeds from sale of investments	415,775
Purchase of intangible asset	(12,880)
Net Cash Provided by Investing Activities	133,782
Cash Flows from Financing Activities	
Payments to annuitants and life income beneficiaries	(7,300)
Proceeds from PPP loan	22,323
Net Cash Provided by Financing Activities	15,023
Net increase in cash and cash equivalents	301,292
Cash and cash equivalents, beginning of year	103,563
Cash and cash equivalents, end of year	$ 404,855
Supplemental Disclosures	
Noncash contributions received	$ (42,415,926)
Forgiveness of PPP loan	$ (22,323)

The accompanying notes are an integral part of these statements.

1. Activities and Significant Accounting Policies

Organization

One Valley Community Foundation ("One Valley") (the "Foundation") is a nonprofit public charity organization dedicated to enhancing the present and future quality of living for each community in the Gallatin Valley through innovative charitable activities that provide leadership, identify charitable needs, and galvanize resources. The Foundation was created in 1998 as the Planned Giving Foundation of Montana, renamed to the Bozeman Area Community Foundation in 2002, and in 2020, the Foundation rebranded and adopted the name One Valley Community Foundation. The primary purposes of the Foundation are to match donors with causes they believe in, focus financial resources to facilitate change, offer resources and opportunities for other area nonprofits, and act as a facilitator for those larger communitywide conversations.

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as codified by the Financial Accounting Standards Board ("FASB").

Fund Accounting

The accounts of the Foundation are maintained internally in accordance with the principles of fund accounting. As a result, contributions are classified into funds based upon their particular purpose and nature. For the purpose of investing funds, the Foundation pools them according to their purpose or whether they are considered net assets with donor restrictions. Fund totals are consolidated for financial statement presentation purposes.

Classification of Net Assets

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions represents net amounts that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have been expired or fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

As all of the Foundation's gift instruments explicitly grant the Foundation variance power to redirect the use of assets in its sole discretion, only contributions that are encumbered by a time or purpose restriction are classified as restricted. All fund assets are managed and invested in accordance with the Foundation's investment policy, consistent with the corresponding fund agreements, and are designated accordingly by the Foundation, as described below.

Undesignated Funds – These funds help the Foundation help the community by supporting the Foundation's operations, management and delivery of programs and services and its related administrative and fundraising expenses.

1. Activities and Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Donor Advised Funds – Donor advised funds are non-endowed charitable funds held by the Foundation. For these funds, the donor retains advisory privileges about how to distribute the money through grants to qualified 501(c)(3) organizations. The Foundation retains variance power over these funds.

Endowment Funds – Endowment funds are intended to exist in perpetuity, providing an annual distribution pursuant to the Foundation's spending policy that may be used for any of the grantmaking or operating activities. See Note 6 for additional details.

Net Assets With Donor Restrictions
Net assets with donor restrictions represents net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. The Foundation reports contributions received as increases in either net assets without donor restrictions or net assets with donor restriction, depending on the existence or nature of any donor restrictions. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions with donor-imposed restrictions that are met in the current period are recorded as contributions without donor restrictions.

The Foundation's net assets with donor restrictions as of December 31, 2020 were $428,294, subject to passage of time restrictions for annuities.

Cash and Cash Equivalents
The Foundation considers all cash accounts and highly liquid investments with a maturity at purchase of three months or less to be cash equivalents. Cash and cash equivalents that are held as a portion of the Foundations' investment portfolio are classified as investments and are not considered to be cash equivalents.

Pledges Receivable
Pledges receivable are measured at fair value on the date a written unconditional promise to give is received from the donor. The fair value is measured using an income approach which incorporates inputs including estimated timing of cash receipts and an appropriate present value discount factor if receivables are expected to be collected in future years. Conditional pledges are not recognized until they become unconditional, that is, when the conditions on which they depend on are substantially met. As of December 31, 2020, all pledges receivable are considered current as they are expected to be collected within one year.

1. Activities and Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

The Foundation provides for amounts that may be uncollectible on contributions, pledges, and other receivables. Management estimates the amount based on a variety of factors, including prior collection history and the ability of the donor to pay. For the year ended December 31, 2020, no allowance was deemed necessary.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Net investment income includes dividends and interest and realized and unrealized gains and losses on investments less management fees and direct administrative costs. Unrealized gains and losses are included in the change in net assets.

The Foundation's Board of Directors has adopted policies for the allocation of investment income and administrative expenses to various funds for which the underlying asset are "pooled". Investment income earned by these pooled assets is allocated to each fund participating in the pool based on the percentage of dollars the fund has invested in the pool. Certain investments related to donor advised and designated funds are maintained outside the pooled assets. Investment return for these funds is based on the actual investment performance of the related assets.

Charitable Gift Annuities

The Foundation has an irrevocable remainder beneficiary interest in charitable gift annuities. Assets of gift annuity funds represent the fair value of assets held by the Foundation as gifts from which a fixed dollar amount is paid to the donor or other beneficiary(s) named. Upon termination of the annuity obligation, the principal becomes available for the Foundation's use in accordance with donor restrictions, or if no restrictions are imposed by the donor, for the Foundation's unrestricted use.

Annuities in which the Foundation is the remainder beneficiary become the assets of the Foundation at the time of the gift, are recorded at the fair value of the assets transferred, and are classified as charitable gift annuities on the statement of financial position. The corresponding liability represents the present value of the estimated future cash flows to be distributed to the gift annuity income beneficiaries over their expected lives or for a specified term of years. At December 31, 2020, the liability has been determined using discount rates and actuarial assumptions as provided by the Internal Revenue Service and applicable mortality tables. The difference between the asset and liability recorded is recognized as a contribution with donor restrictions.

Annually, the obligation is adjusted for changes in the value of assets and actuarial changes in the estimates of future amounts due to beneficiaries. The annual adjustment is reported in the statement of activities as the change in value of planned gift liabilities.

1. Activities and Significant Accounting Policies (continued)

Charitable Gift Annuities (continued)

Under the Montana Charitable Gift Annuity Exemption Act (MCA 33-20-701), Montana law requires charitable organizations that offer charitable gift annuities to meet certain requirements set for by the Montana insurance commissioner. Annual registration is required. The Foundation holds 100% percent of each annuity in separate investments until each annuity is terminated.

Agency Endowment Funds

Agency funds represent assets transferred to the Foundation for investment management or other specified purposes by various nonprofit organizations that have designated themselves as the beneficiary of those funds. The Foundation accounts for the transfer of such assets as if it is holding the funds as an agent of the donor, including the funds in the Foundation's assets as agency endowments. In accordance with FASB Accounting Standards Codification ("ASC") Topic 958 *Not-for-Profit Entities – Overall*, the Foundation has also recorded a liability for the fair value of these funds, which is generally equivalent to the present value of future payments expected to be made to the nonprofits. In the event the Foundation is dissolved, agency endowment funds would be returned to the benefiting nonprofit.

Intangible Assets

Purchased intangible assets are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated amortization. Amortization of intangible assets is provided over the estimated useful life of 5 years on a straight-line basis. As of December 31, 2020, intangible assets consisted of the Foundation's website. The cost of the website was $18,113 as of December 31, 2020. Accumulated amortization of the website was $3,623 as of December 31, 2020. The Foundation's capitalization policy is to capitalize any fixed asset with a cost or fair value in excess of $5,000.

Revenue Recognition

Contributions and Grants

The Foundation's primary sources of revenue are contributions and grants. Contributions, which may include noncash assets, unconditional promises to give, and beneficial interests in irrevocable gift annuities or other legally binding agreements, are recognized as revenue at fair value as of the date pledged or received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Contributions received reported as increases in either net assets without donor restrictions or net assets with donor restriction, depending on the existence or nature of any donor restrictions. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

1. Activities and Significant Accounting Policies (continued)

Revenue (continued)
The Foundation receives grants from public agencies, as well as private organizations and individuals, to be used for specific programs or purposes, which may include general operations. Unconditional grant awards are recorded as contribution revenue in the period in which they are awarded. Grants having the existence of a condition, but lacking in both the existence of a barrier and right of return to the resource provided, are classified as restricted revenue until the conditions are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended for the purposes of the grant or other conditions are satisfied.

Paid Trainings and Events
Revenue from paid trainings and other events consist of registration fees and ticket sales. Registration fees and ticket sales are comprised of an exchange element based on the values of benefits provided, and a contribution element for the difference between the total amount paid and the exchange element. Management has deemed the exchange element not material to the overall financial statements; therefore, all of the income from paid trainings and events is classified as program income on the statement of activities.

Revenue from registration fees and ticket sales is not recognized until the event occurs or the performance obligation is met. If payment is received before the performance obligation is met, deferred revenue is recorded. The donation of items and professional services necessary for fundraising events are recorded as in-kind support at the time of the event.

In-kind Support
The Foundation recognizes various types of in-kind contributions. Contributed services are recognized if the services received require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in the expenses. During the year ended December 31, 2020, the Foundation received contributed advertising services with a fair value on the date of donation of $23,000, contributed professional services with a fair value on the date of donation of $5,000, and contributed event support and supplies with a fair value on the date of donation of $2,785.

In addition, a number of volunteers have donated over 1,570 hours to the Foundation’s program and support services. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

1. Activities and Significant Accounting Policies (continued)

Administrative Fees

An investment management fee is charged monthly or annually to the donor advised and endowment funds, depending on the size of the fund. Fees range from 1.00% to 4.50%, depending on the type of fund and the balance of the fund. Investment management fees were $32,328 for the year ended December 31, 2020. Fees charged for the management of charitable gift annuity agreements are reported as net assets released from restriction. Fees charged for the management of other funds are reported as program income on the statement of activities.

Concentrations of Risk

Cash and cash equivalents – The Foundation maintains a cash balance at one financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Foundation has not experienced any loss in such accounts. As of December 31, 2020, cash and cash equivalents held in financial institutions in excess of the FDIC Federal Deposit limits was $107,957. The Foundation believes it is not exposed to any significant credit risk on its cash balances.

Investments – Investments are exposed to various risks, such as interest, market, and credit risks. It is reasonably possible given the risks associated with investments that changes in the near term could materially affect the amounts reported in the financial statements. To manage risk, the Foundation has formal investment policies and engages the services of third-party investment consultants that assist with compliance with the policies and evaluation of performance.

The Foundation maintains the majority of its cash, fixed income, mutual funds, equities, and exchange-traded products with three brokerage firms. Investments held by investment firms are separately insured up to $500,000 through the Securities Investor Protection Corporation (SIPC). As of December 31, 2020, $42,915,468 was above the SIPC insurance.

Major contributions – During the year ended December 31, 2020, the Foundation recorded contributions from one donor that amounted to 98% of total contribution revenue.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Whenever possible, costs are included in a function on a basis of specific identification. When that is not practical, certain costs are allocated among the functions benefited. The expenses are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include office expenses, information technology, and compensation and benefits. All shared costs are allocated based on the estimates of time and efforts of full-time equivalent employees expressed as a percentage of total payroll expenses.

Operating Lease

The Foundation leases office space under a year-to-year lease. Total rent paid during the year ended December 31, 2020 was $10,926.

1. Activities and Significant Accounting Policies (continued)

Advertising

Advertising and promotion costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Income Taxes

The Foundation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). The Foundation's information returns (Form 990) are open to examination by the IRS, generally, for three years after they were filed or the due date of the return, whichever is later.

Subsequent Events

Management has evaluated subsequent events through November 15, 2021, the date which the financial statements were available for release. See Note 12.

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09: *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods or services and guidance on accounting for certain contracts. The ASU also contains significant new required disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation adopted the new standard, effective January 1, 2020, the first day of the Foundation’s fiscal year, using the modified retrospective method.

The Foundation’s services that fall within the scope of Topic 606 are presented within program income and are recognized at a point in time based on the transfer of control. The remaining portion of the Foundation’s revenue comes from contributions and grants which is outside the scope of Topic 606. The adoption of this ASU did not have a significant impact on the Foundation’s financial statements and did not result in a material change to how the Foundation accounts for revenue. Refer to Revenue Recognition disclosure within Note 1 for the Foundation’s accounting policies for revenue sources.

1. Activities and Significant Accounting Policies (continued)

Adoption of New Accounting Standards (continued)
In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments – Overall (Subtopic 825-10).* These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. These standards were adopted by the Foundation on January 1, 2020, using the modified retrospective method, and there is no effect on net assets with the implementation of these two ASUs.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. This ASU is effective for all entities for fiscal years beginning after December 15, 2019. The Foundation adopted the new standard as of January 1, 2020. All modifications resulting from the adoption by the Foundation are reflected in Note 5.

2. Liquidity and Availability of Resources

The following represents the Foundation's financial assets available to meet general expenditures over the next year at December 31, 2020:

Financial assets at year end:	
Cash and cash equivalents	$ 404,855
Pledges receivable	15,000
Investments	44,441,073
Total financial assets	44,860,928
Less amounts not available to be used within one year:	
Assets held under donor advised funds	42,910,681
Assets held under charitable gift annuity agreements	668,850
Agency endowments	95,848
Investments in endowment funds subject to appropriation beyond one year	765,694
Financial assets available to meet general expenditures over the next twelve months	$ 419,855

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in short-term investments, such as bonds and money market funds.

2. Liquidity and Availability of Resources (continued)

The Foundation's annual operating budget anticipates receiving funds throughout the year from the following sources in order to operate on a "break-even" basis: administrative fees, program service fees, earned revenue from paid training events, annual fundraising events, grant sources, and donor contributions.

The Foundation’s endowment funds are subject to an annual spending rate of the funds average market value from a rolling sixteen-quarter period, determined by the Foundation, in order to meet general expenditures. Although the Foundation does not intend to spend from the endowment funds (other than amounts appropriated for annual grantmaking and fee assessments as part of the Board’s annual approval), these amounts could be made available if the Foundation chose to exercise the variance power granted in the underlying donor agreements.

3. Emergency Relief Funds

Southwestern Montana COVID Relief Fund
In March 2020, the Foundation partnered with Greater Gallatin United Way (“GGUW”) and Southwest Montana Community Organizations Active in Disaster to create a jointly managed relief fund for the COVID-19 pandemic. The fund provided flexible resources to organizations working with communities who are disproportionately impacted by the coronavirus and the economic consequences of the outbreak. The Foundation helped raise and allocate over $500,000 for basic needs such as shelter, rental assistance, food, access to primary case and behavioral health care, child care, provider burnout prevention support, COVID transmission prevention, and operational support for nonprofits providing essential services. The Foundation acts as an intermediary between some of the donors and GGUW; accordingly, only contributions collected directly by the Foundation on behalf of the relief fund are reflected in the statement of activities. GGUW acted as the fiscal sponsor of this fund, therefore all grants were issued from that organization on behalf of the relief fund. and the associated amounts disbursed to GGUW are not reflected in the statement of activities.

Bridger Fire Relief Fund
In September 2020, the Foundation partnered with GGUW to create a jointly managed relief fund for those directly affected by the September 2020 fire in the local Bridger Mountains. The fund provided flexible resources for organizations working with individuals and businesses directly affected by the fire, and also provided direct relief assistance to those affected. The Foundation helped raise and allocate over $400,000 for basic needs, rebuilding, land restoration, replacing lost assets, and mental health support. The Foundation acts as an intermediary between some of the donors and GGUW; accordingly, only contributions collected directly by the Foundation on behalf of the relief fund are reflected in the statement of activities. GGUW acted as the fiscal sponsor of this fund, therefore all grants were issued from that organization on behalf of the fund.

4. Give Big Gallatin Valley

Annually, the Foundation hosts Give Big Gallatin Valley ("GBGV), a 24-hour online and live celebration of giving created to connect generous community members with the causes they care about most. In May 2020, the Foundation helped raise over $1,800,000 through 5,782 donors for 195 local nonprofits in Gallatin County. The Foundation acts as an intermediary between the donors and the recipient nonprofits, accordingly, contributions collected on behalf of the designated nonprofits and the associated grants disbursed are not reflected in the statement of activities. Funds collected through the event donation platform are distributed directly to the nonprofits they were designated for, and therefore these donations and grants are not reflected in the statement of activities. Funds that were collected directly by the Foundation outside of the event donation platform are reflected in the statement of activities as direct beneficiary gifts.

5. Investments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements. Fair value is defined under Topic 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under Topic 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value. The levels of inputs are as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

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

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

The following table presents the balance of assets and liabilities carried at fair value on the statement of financial position as of December 31, 2020:

5. Investments (continued)

	Total	December 31, 2020 Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents, at cost	$ 179,308	$ -	$ -	$ -
Fixed income	15,927	-	15,927	-
Equities	37,802,104	37,802,104	-	-
Mutual funds	4,363,304	4,363,304	-	-
Exchange-traded products	2,080,430	2,080,430	-	-
Total Investments	$ 44,441,073	$ 44,245,838	$ 15,927	$ -
Obligations				
Annuity Payment Liability	$ 238,920	$ -	$ 238,920	$ -
Funds Held for Agency Endowments	95,548	95,548	-	-
Total Obligations	$ 334,468	$ 95,548	$ 238,920	$ -

Components of investment, interest and dividend income for the year ended December 31, 2020 consist of the following:

Interest and dividend income	$ 60,884
Realized and unrealized gains	308,365
Investment fees	(8,971)
	$ 360,278

The Board of Directors reviews and approves the Foundation's fair value measurement policies and procedures annually. At least annually, the Foundation's management and the Board determines if the valuation techniques used in fair value measurements are still appropriate.

6. Endowment Net Assets

The Foundation's endowment consist of approximately 13 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the presence or absence of donor-imposed restrictions. However, because of the Foundation's variance power as described in Note 1, all endowment funds are classified as net assets without donor restrictions.

Interpretation of Relevant Law
Due to the Foundation's variance power, all of the Foundation's endowment funds consist of net assets without donor restrictions that are internally designated to be managed as permanent assets in accordance with applicable fund agreements, the Foundation's investment policy and the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA").

6. Endowment Net Assets (continued)

The Foundation's spending policy, consistent with MUPMIFA, considers the following factors in managing and investing the endowment funds:

(1) General economic conditions;
(2) The possible effect of inflation and deflation;
(3) The expected tax consequences, if any, of investment decisions or strategies;
(4) The role that each investment or course of action plays within the Foundation's overall investment portfolio;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Foundation;
(7) The needs of the Foundation and a given institutional fund to make distributions and to preserve capital; and
(8) An asset's special relationship or special value, if any, to the purpose of the Foundation.

Investment Return Objectives, Risk Parameters and Strategies
The Foundation has adopted an investment and spending policy, as approved and authorized by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs and operations supported by its endowment funds while also seeking to maintain the purchasing power of the endowment assets over the long-term. Accordingly, the investment process seeks to achieve a total rate of return that supports its grantmaking, expenses, investment fees, and inflation. Endowment assets are invested in a well-diversified asset mix, which includes equity securities and fixed income, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, in accordance with the Foundation's spending policy, while growing the funds if possible. Actual returns in any given year may vary and the Foundation will normally measure whether it has achieved its objective over a rolling three-year period; however, the Foundation may measure achievement of such objective more or less frequently. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset class options and strategies are managed to not expose the funds to unacceptable levels of risk.

Spending Policy
The Foundation sets its annual spending policy for endowment funds by applying a percentage, determined annually by the Foundation, to a fund's average net balance. Average net balance is based on a rolling sixteen-quarter market value as determined by the Foundation. For a fund in existence for fewer than sixteen-quarters, average net balance is calculated for the period the fund has been in existence. For the year ended December 31, 2020, the spending distribution percentage was 4.22%.

In establishing this spending policy, the Foundation considers the long-term expected return on its endowments. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity, as directed by the Board of Directors, as well as to provide additional real growth through new gifts and investment return.

6. Endowment Net Assets (continued)

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by donors or MUPMIFA. The Foundation has interpreted MUPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

As of December 31, 2020, the endowment net assets of the Foundation, as defined by fund type, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds:			
Undesignated	$ 146,830	$ -	$ 146,830
Donor designated	193,676	-	193,676
Donor advised	416,136	-	416,136
Field of interest	41,350	-	41,350
Total Endowment Funds	$ 797,992	$ -	$ 797,992

As of December 31, 2020, a fund with an original gift value of $19,796, fair value of $6,029, and a deficiency of $13,767 was reported in the endowment net assets without donor restrictions. This deficiency resulted from unfavorable market conditions that occurred early in 2001 but continued appropriation was deemed prudent by the Board.

Changes in endowment net assets during the year ended December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 793,832	$ -	$ 793,832
Contributions	5,000	-	5,000
Investment return, net	59,089	-	59,089
Appropriation of endowment assets for expenditure	(59,929)	-	(59,929)
Endowment net assets, end of year	$ 797,992	$ -	$ 797,992

During the year ended December 31, 2020, fees for management of endowment funds were approximately $8,440.

7. Funds Held as Agency Endowments

The following is a reconciliation of the changes in funds held as agency endowments during the year ended December 31, 2020:

Balance beginning of the year	$	91,405
Contributions		100
Investment income		10,003
Administrative fees		(1,056)
Investment fees		(422)
Distributions		(4,482)
Balance end of the year	$	95,548

8. Related Party Transactions

For the year ended December 31, 2020, board members contributed $30,400. Board members made grants from their donor advised funds totaling $43,600 for the year ended December 31, 2020.

9. Retirement Plan

The Foundation adopted a Savings Incentive Match Plan for Employees (SIMPLE) for all employees. According to the Plan, the Foundation will match each participant's elective salary deferrals, dollar for dollar, up to 3% of each participant's annual gross wages. During the year ended December 31, 2020, the Foundation made a matching contribution to the SIMPLE plan of $3,993.

10. Paycheck Protection Program Loan

The Foundation was granted a loan of $22,323 accruing interest at 1%, under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refundable advance and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Foundation recognized $22,323 of loan forgiveness income, classified as other income on the statement of activities, for the year ended December 31, 2020.

11. Recent Accounting Pronouncements

The FASB issued ASU 2016-02: *Leases (Topic 842),* in February 2016. This ASU requires the recognition of lease assets and liabilities in the financial statements as a "right-to-use" asset and a lease liability. This ASU is effective for periods beginning after December 15, 2021. Early implementation is permitted; however, the Foundation elected not to early implement and does not expect the impact to its financial statements to be significant upon implementation.

In September 2020, the FASB issued ASU 2020-07: *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* Nonprofit organizations shall present contributed nonfinancial assets as separate line item in the statement of activities, apart from contributions of cash and other financial assets. This guidance shall be applied retrospectively for fiscal years ending after June 15, 2021, and early adoption is permitted. Management is evaluating the impact of this standard to the financial statements and has not early adopted.

12. Subsequent Event

In November 2021, the Foundation signed an agreement with the Gallatin Historical Society to create an agency endowment for their 501(c)(3) organization with a starting value of approximately $400,000. Receipt of funds was pending as of the date this report was released.