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Return of Organization Exempt From Income Tax

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2012 calendar year, or tax year beginning <u>July 1,</u> , 2012, and ending <u>June 30</u> , 20 <u>13</u>																																		
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2">C Name of organization <u>Montana State University -Northern Foundation</u></td> <td>D Employer identification number <u>81-0375335</u></td> </tr> <tr> <td colspan="2">Doing Business As</td> <td rowspan="3">E Telephone number <u>406-265-3711</u></td> </tr> <tr> <td colspan="2">Number and street (or P O box if mail is not delivered to street address) Room/suite</td> </tr> <tr> <td colspan="2"><u>P.O. Box 1691</u></td> </tr> <tr> <td colspan="2">City, town or post office, state, and ZIP code</td> <td rowspan="2">G Gross receipts \$ <u>1,235,186</u></td> </tr> <tr> <td colspan="2"><u>Havre, Mt. 59501</u></td> </tr> <tr> <td colspan="3">F Name and address of principal officer <u>Shauna Albrecht P.O. Box 1691 Havre, Mt. 59501</u></td> </tr> <tr> <td colspan="3"> H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ► </td> </tr> <tr> <td colspan="4"> I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 </td> </tr> <tr> <td colspan="4">J Website: ►</td> </tr> <tr> <td colspan="2">K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►</td> <td>L Year of formation <u>1977</u></td> <td>M State of legal domicile <u>MT</u></td> </tr> </table>	C Name of organization <u>Montana State University -Northern Foundation</u>		D Employer identification number <u>81-0375335</u>	Doing Business As		E Telephone number <u>406-265-3711</u>	Number and street (or P O box if mail is not delivered to street address) Room/suite		<u>P.O. Box 1691</u>		City, town or post office, state, and ZIP code		G Gross receipts \$ <u>1,235,186</u>	<u>Havre, Mt. 59501</u>		F Name and address of principal officer <u>Shauna Albrecht P.O. Box 1691 Havre, Mt. 59501</u>			H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ►			I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				J Website: ►				K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation <u>1977</u>	M State of legal domicile <u>MT</u>
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Part I Summary				
Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>MSU-Northern Foundation was organized to promote and develop MSU- Northern through fund raising</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3 13	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4 13	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5 6	
	6	Total number of volunteers (estimate if necessary)	6 0	
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a 0	
b	Net unrelated business taxable income from Form 990-T, line 34	7b 0		
Revenue	8	Contributions and grants (Part VIII, line 1b)	1,286,995 785,003	
	9	Program service revenue (Part VIII, line 2g)	0 0	
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	235,237 240,908	
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-56,961 209,275	
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,465,291 1,235,186	
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	335,222 335,720
		14	Benefits paid to or for members (Part IX, column (A), line 4)	0 0
		15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	171,649 180,015
		16a	Professional fundraising fees (Part IX, column (A), line 11e)	0 0
		b	Total fundraising expenses (Part IX, column (D), line 25) ► <u>13,531</u>	
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	728,608 968,478	
18		Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	1,235,479 1,484,213	
19		Revenue less expenses. Subtract line 18 from line 12	229,812 -249,027	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	6,331,327 5,971,744	
	21	Total liabilities (Part X, line 26)	1,762,357 1,652,447	
	22	Net assets or fund balances. Subtract line 21 from line 20	4,568,973 4,319,297	

Part II Signature Block				
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.				
Sign Here Paid Preparer Use Only	Signature of officer <u>Shauna Albrecht, CEO/Executive Director</u> Type or print name and title	Date <u>Oct 14, 2013</u>		
	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ►	Firm's EIN ►		
	Firm's address ►	Phone no		
May the IRS discuss this return with the preparer shown above? (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No				

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Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response to any question in this Part III ☐**1** Briefly describe the organization's mission:To provide support for the Montana State University Northern through fund raising**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code:) (Expenses \$ 335,720 including grants of \$ 335,720) (Revenue \$)Scholarships - This activity provides scholarships for students at MSU- Northern**4b** (Code:) (Expenses \$ 235,180 including grants of \$ 235,180) (Revenue \$)Athletics - Provides support to MSU-Northern Athletic Programs in for the form of scholarships and direct support**4c** (Code:) (Expenses \$ 447,000 including grants of \$ 447,000) (Revenue \$)Campus Improvements - provides support for the campus improvements such as new gymnasium flooring and bleachers**4d** Other program services (Describe in Schedule O.)(Expenses \$ 147,894 including grants of \$ 147,894) (Revenue \$)**4e** Total program service expenses **▶** 1,165,794

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.	<input type="checkbox"/>	<input type="checkbox"/>
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	<input type="checkbox"/>	<input type="checkbox"/>
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14 a Did the organization maintain an office, employees, or agents outside of the United States?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20 a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	✓
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	✓
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	✓
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	✓
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	✓
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	✓
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	✓
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	✓
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	✓
26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	✓
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27	✓
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	✓
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	✓
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	✓
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	✓
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	✓
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	✓
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	✓
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	✓
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	✓
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	✓
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	✓
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	✓
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	✓
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	✓

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response to any question in this Part V ☐

		Yes	No
1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a 2		
b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0		
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	✓	
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 6		
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	✓	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		✓
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b		
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		✓
b If "Yes," enter the name of the foreign country: ► See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		✓
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		✓
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		✓
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	✓	
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	✓	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		✓
d If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		✓
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		✓
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		✓
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		✓
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?	9a		✓
b Did the organization make a distribution to a donor, donor advisor, or related person?	9b		✓
10 Section 501(c)(7) organizations. Enter:			
a Initiation fees and capital contributions included on Part VIII, line 12	10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11 Section 501(c)(12) organizations. Enter:			
a Gross income from members or shareholders	11a		
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state?	13a		
Note. See the instructions for additional information the organization must report on Schedule O.			
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c Enter the amount of reserves on hand	13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?	14a		✓
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI ☐

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	1a 13	
b Enter the number of voting members included in line 1a, above, who are independent	1b 13	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	✓
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	3	✓
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	✓
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5	✓
6 Did the organization have members or stockholders?	6	✓
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	✓
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	✓
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	8a ✓	
b Each committee with authority to act on behalf of the governing body?	8b ✓	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	✓

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates?	10a	✓
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	✓
b Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	12a ✓	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b ✓	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c ✓	
13 Did the organization have a written whistleblower policy?	13 ✓	
14 Did the organization have a written document retention and destruction policy?	14 ✓	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	15a	✓
b Other officers or key employees of the organization	15b	✓
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	✓
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	✓

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► **Montana**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► **The organization, 406-265-3711, 300 W. 11th Street Havre, Mt. 59501**

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response to any question in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Renell Bratten Board Member		✓						0	0	0
(2) Steve Bebee Board Member		✓						0	0	0
(3) Dave Clausen Board Member		✓						0	0	0
(4) Jennifer Kinsella Board Member		✓						0	0	0
(5) Gail Rader Board Member		✓						0	0	0
(6) Nancy Ahern Board Member		✓						0	0	0
(7) Richard Stevens President		✓						0	0	0
(8) Lindsay Lorang Board Member		✓						0	0	0
(9) Max Erickson Board Member		✓						0	0	0
(10) Brent Reber Board Member		✓						0	0	0
(11) Andy Carlson Board Member		✓						0	0	0
(12) Brad Ruhkamp Board Member		✓						0	0	0
(13) DJ Baker Board Member		✓						0	0	0
(14) Dr. James Limbaugh Ex-Officio		✓						0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		✓
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>		✓
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		✓

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization 0		

Part VIII Statement of RevenueCheck if Schedule O contains a response to any question in this Part VIII. ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	785,003			
	g	Noncash contributions included in lines 1a-1f: \$					
	h	Total. Add lines 1a-1f ▶		785,003			
Program Service Revenue				Business Code			
	2a						
	b						
	c						
	d						
	e						
	f	All other program service revenue .					
	g	Total. Add lines 2a-2f ▶					
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶		240,908			240,908
	4	Income from investment of tax-exempt bond proceeds ▶					
	5	Royalties ▶					
		(i) Real	(ii) Personal				
	6a	Gross rents					
	b	Less: rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) ▶					
	7a	(i) Securities	(ii) Other				
	b	Less: cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss) ▶					
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 a					
	b	Less: direct expenses b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities. See Part IV, line 19 a					
	b	Less: direct expenses b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances a					
	b	Less: cost of goods sold b					
c	Net income or (loss) from sales of inventory . . ▶						
Miscellaneous Revenue			Business Code				
11a	Administrative service	561000	170,204			170,204	
b	Other investment income	523000	212,260			212,260	
c	Change in Trust/annuity value	523000	-173,189			-173,189	
d	All other revenue						
e	Total. Add lines 11a-11d ▶			209,275			
12	Total revenue. See instructions. ▶			1,235,186			

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A)

Check if Schedule O contains a response to any question in this Part IX ☐**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	335,720	335,720		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	80,000		80,000	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	58,456		58,456	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	7,981		10,240	
9 Other employee benefits	22,876		30,856	
10 Payroll taxes	10,702		10,702	
11 Fees for services (non-employees):				
a Management				
b Legal	157		157	
c Accounting	8,913		8,913	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)				
12 Advertising and promotion	17,486		3,955	13,531
13 Office expenses	11,728		11,728	
14 Information technology	30,404		30,404	
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	8,260		8,260	
20 Interest	25,908		25,908	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	861		861	
23 Insurance	2,940		2,940	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Alumni	81,710	81,710		
b Athletic programs	235,180	235,180		
c Campus improvements	447,000	447,000		
d Special projects	66,184	66,184		
e All other expenses	31,747		31,747	
25 Total functional expenses. Add lines 1 through 24e	1,484,213	1,165,794	304,888	13,531
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response to any question in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	679,218	1	195,658
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net	134,659	3	71,234
	4 Accounts receivable, net		4	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	2,373,783	7	2,200,859
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 344,433		
	b Less: accumulated depreciation	10b 39,145	346,573	10c 305,288
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11	2,733,199	12	3,127,739
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	63,895	15	70,966
16 Total assets. Add lines 1 through 15 (must equal line 34)	6,331,327	16	5,971,744	
Liabilities	17 Accounts payable and accrued expenses	102,959	17	
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	1,659,395	25	1,652,447
	26 Total liabilities. Add lines 17 through 25	1,762,354	26	1,652,447
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	-1,039,513	27	-967,363
	28 Temporarily restricted net assets	1,719,481	28	1,642,007
	29 Permanently restricted net assets	3,889,005	29	3,644,653
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	4,568,973	33	4,319,297
34 Total liabilities and net assets/fund balances	6,331,327	34	5,971,744	

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response to any question in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,235,186
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,484,213
3	Revenue less expenses. Subtract line 2 from line 1	3	-249,027
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	4,568,973
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-649
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	4,319,297

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII ☐

- 1** Accounting method used to prepare the Form 990: ☐ Cash ☒ Accrual ☐ Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . .
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . .
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		✓
2b	✓	
2c	✓	
3a		✓
3b		

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2012

**Open to Public
Inspection**

Name of the organization

Montana State University-Northern Foundation

Employer identification number

81-0375335

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 ☒ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
- a ☐ Type I b ☐ Type II c ☐ Type III—Functionally integrated d ☐ Type III—Non-functionally integrated
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? ☐
- (ii) A family member of a person described in (i) above? ☐
- (iii) A 35% controlled entity of a person described in (i) or (ii) above? ☐
- h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	696,477	1,326,141	1,187,453	1,286,995	785,003	5,282,069
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	696,477	1,326,141	1,187,453	1,286,995	785,003	5,282,069
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						5,282,069

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4	696,477	1,326,141	1,187,453	1,286,995	785,003	5,282,069
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	103,215	212,761	238,808	235,257	240,908	1,030,949
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)					209,275	209,275
11 Total support. Add lines 7 through 10						6,522,293
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	80.98 %
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	84.90 %
16a 33¹/₃% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 ¹ / ₃ % or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input checked="" type="checkbox"/>
b 33¹/₃% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 ¹ / ₃ % or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	%
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions <input type="checkbox"/>		

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service
Name of the organization

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
☐ Preservation of land for public use (e.g., recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►

4 Number of states where property subject to conservation easement is located ►

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ►

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ► \$

(ii) Assets included in Form 990, Part X ► \$

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ► \$

b Assets included in Form 990, Part X ► \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition

d ☐ Loan or exchange programs

b ☐ Scholarly research

e ☐ Other

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	3,584,179	3,922,520	3,751,925	3,222,912	3,396,089
b Contributions	53,753	100,313	172,601	548,862	47,415
c Net investment earnings, gains, and losses	171,102	71,925	180,186	61,136	-87,776
d Grants or scholarships	99,421	103,850	88,482	80,985	132,816
e Other expenditures for facilities and programs		93,629	93,710		
f Administrative expenses					
g End of year balance	3,709,613	3,897,279	3,922,502	3,751,925	3,222,912

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ☐ %

b Permanent endowment ☒ 98%

c Temporarily restricted endowment ☐ 2%

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) unrelated organizations ☐ Yes ☒ No

(ii) related organizations ☐ Yes ☒ No

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? ☐ Yes ☐ No

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	300,833			300,833
b Buildings	0			
c Leasehold improvements	0			
d Equipment	43,600		39,145	4,455
e Other	0			

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ☐ 305,288

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) DEBT SECURITIES	499,984	END -OF-YEAR MARKET VALUE
(B) END OF	2,351,278	END -OF-YEAR MARKET VALUE
(C) US GOVERNMENT SECURITIES	276,477	END -OF-YEAR MARKET VALUE
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ►	3,127,739	

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ►		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) LIABILITY UNDER TRUST AGREEMENTS	1,185,993
(3) LIABILITY GIFT ANNUITIES	303,005
(4) LIABILITY TO THIRD PARTIES	163,449
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►	1,652,447

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII ☐

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	1,235,186
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	1,235,186

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	1,484,213
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	1,484,213

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART V - ENDOWMENT FUNDS, PER REVIEW OF DONOR BEQUEST DOCUMENTS \$304,329 SHOULD HAVE BEEN RECORDED IN

TEMPORARY RESTRICTED FUNDS, THIS WAS RECLASSIFIED THROUGH A PRIOR PERIOD ADJUSTMENT SO THE SCHEDULE SHOWS

THE BEGINNING BALANCE ADJUSTED BY THIS AMOUNT FOR THE YEAR 2012. THIS ALSO INCLUDES A PRIOR PERIOD ADJUSTMENT OF

\$649 FOR INCORRECT ACCOUNTS RECEIVABLE.

Part XIII Supplemental Information (continued)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

**Open to Public
Inspection**

Name of the organization

Employer identification number

FORM 990 PART 1, LINE 1, DESCRIPTION OF ORGANIZATION MISSION: ACTIVITIES TO SUPPORT MSU-NORTHERN

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES: OTHER MISCELLANEOUS PROGRAMS SPECIAL PROJECTS

SPECIAL PROJECTS - FOUNDERS DAY DINNER, HALL OF FAME, DONOR RECOGNITION EVENTS/PLAQUES

FORM 990, PART VI SECTION B, LINE 11: THE EXECUTIVE DIRECTOR REVIEWS THE 990 AND MAKES IT AVAILABLE TO BOARD MEMBERS
TO REVIEW.

FORM 990 PART VI, SECTION C LINE 19: THESE ARE AVAILABE BY REQUEST AT THE FOUNDATION'S OFFICE

990 XI 2C AUDIT COMMITTEE RESPONSIBILITIES

THE FINANCE COMMITTEE ON THE BOARD OF DIRECTORS IS THE AUDIT COMMITTEE, THEY ARE RESPONSIBLE FOR SELCTION
AND FOR REVIEWING THE REPORTS.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Montana State University-Northern
Foundation

Havre, MT

June 30, 2013 and 2012

Montana State University-Northern Foundation

June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montana State University-Northern Foundation
P.O. Box 1691
Havre, MT 59501

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying statements of financial position of Montana State University-Northern Foundation (a nonprofit organization) as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinions.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montana State University-Northern Foundation as of June 30, 2013 and 2012, and the changes in its net assets, and

cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Saluska, Higgins & Saluska, PC

Havre, Montana
October 02, 2013

Montana State University-Northern Foundation

STATEMENTS OF FINANCIAL POSITION

as of June 30,

ASSETS

	2013	2012
Cash & equivalents, held for donor restricted purposes	\$ 195,658	\$ 679,218
Accrued interest receivable	3,336	-
Accrued interest receivable, held for donor restricted purposes	61,057	70,688
Pledges receivable, net of allowance for uncollectible accounts, held for donor restricted purposes	71,234	134,010
Notes receivable, board designated for future trust payments	55,910	-
Notes receivable, held for donor restricted purposes	2,080,556	2,303,095
Investments	68,692	81,899
Investments, held for donor restricted purposes	3,359,880	2,992,558
Other assets	16,521	10,000
Other assets, held for donor restricted purposes	550	-
Property and equipment, net of accumulated depreciation	4,455	5,315
Art	53,895	53,895
Total assets	\$ 5,971,744	\$ 6,330,678

INTERFUND TRANSACTIONS

	2013	2012
Interfund receivable, held for donor restricted purposes	\$ 867,165	\$ 863,608
Interfund payables	(867,165)	(863,608)
Total interfund transactions	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Montana State University-Northern Foundation

STATEMENTS OF FINANCIAL POSITION

as of June 30,

LIABILITIES AND NET ASSETS		
	2013	Restated 2012
LIABILITIES		
Accrued expenses	\$ -	\$ 102,959
Liability to other beneficiaries	163,449	161,145
Liability under trust agreements	1,185,993	1,195,424
Gift annuity obligations	303,005	302,826
Total liabilities	1,652,447	1,762,354
NET ASSETS		
Unrestricted net assets	(967,363)	(1,039,836)
Temporarily restricted fund balances	1,642,007	2,017,260
Permanently restricted fund balances	3,644,653	3,590,900
Total net assets	4,319,297	4,568,324
Total liabilities and net assets	\$ 5,971,744	\$ 6,330,678

The accompanying notes are an integral part of these financial statements.

Montana State University-Northern Foundation

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

for the year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Pledges & contributions	\$ 11,411	\$ 690,645	\$ 16,992	\$ 719,048
Other income	194,131	-	-	194,131
Interest & dividends	6,443	234,465	-	240,908
Contract revenue	170,204	-	-	170,204
Change in value of split interest agreements	(15,761)	(157,428)	-	(173,189)
Realized and unrealized gains and losses on investments	6,480	77,604	-	84,084
Released from restriction	1,183,778	(1,183,778)	-	-
Change in restriction	-	(36,761)	36,761	-
Total revenues, gains and other support	1,556,686	(375,253)	53,753	1,235,186
EXPENSES				
Program expenses				
Scholarships	335,720	-	-	335,720
Athletic programs	235,180	-	-	235,180
Faculty development	2,218	-	-	2,218
Fine arts	600	-	-	600
Alumni	81,710	-	-	81,710
Campus involvement	447,000	-	-	447,000
Special projects	63,366	-	-	63,366
Total program expenses	1,165,794	-	-	1,165,794
Fundraising expenses	13,531	-	-	13,531
General and administration expenses	304,888	-	-	304,888
Total expenses	1,484,213	-	-	1,484,213
Increase (decrease) in net assets	72,473	(375,253)	53,753	(249,027)
Net assets, beginning of year	(1,039,836)	2,017,260	3,590,900	4,568,324
Net assets, end of year	\$ (967,363)	\$ 1,642,007	\$ 3,644,653	\$ 4,319,297

The accompanying notes are an integral part of these financial statements.

Montana State University-Northern Foundation

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

for the year ended June 30, 2012, restated

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Pledges & contributions	\$ 33,218	\$ 1,088,840	\$ 73,908	\$ 1,195,966
Other income	64,624	-	-	64,624
Interest & dividends	2,492	232,765	-	235,257
Contract revenue	146,000	-	-	146,000
Change in value of split interest agreements	(19,620)	(88,906)	-	(108,526)
Realized and unrealized gains and losses on investments	963	(68,993)	-	(68,030)
Released from restriction	912,030	(912,030)	-	-
Change in restriction	-	(26,405)	26,405	-
Total revenues, gains and other support	1,139,707	225,271	100,313	1,465,291
EXPENSES				
Program expenses				
Scholarships	335,222	-	-	335,222
Athletic programs	241,547	-	-	241,547
Faculty development	5,135	-	-	5,135
Fine arts	1,100	-	-	1,100
Alumni	101,015	-	-	101,015
Campus involvement	173,225	-	-	173,225
Special projects	72,458	-	-	72,458
Total program expenses	929,702	-	-	929,702
Fundraising expenses	30,212	-	-	30,212
General and administration expenses	275,565	-	-	275,565
Total expenses	1,235,479	-	-	1,235,479
Increase (decrease) in net assets	(95,772)	225,271	100,313	229,812
Net assets, beginning of year as previously reported	(943,741)	1,494,210	3,788,692	4,339,161
Prior period adjustment	(323)	297,779	(298,105)	(649)
Net assets, beginning of year as restated	(944,064)	1,791,989	3,490,587	4,338,512
Net assets, end of year	\$ (1,039,836)	\$ 2,017,260	\$ 3,590,900	\$ 4,568,324

The accompanying notes are an integral part of these financial statements.

Montana State University-Northern Foundation

STATEMENTS OF CASH FLOWS
for the years ended June 30,

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (249,027)	\$ 229,812
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	860	860
Net realized and unrealized losses (gains) on investments	(84,084)	68,030
Noncash and endowment contributions	(16,992)	(73,908)
Noncash change in carrying value of trusts and annuities	177,956	5,985
Change in operating assets and liabilities		
Pledges receivable	62,776	41,896
Accrued interest receivable	6,295	5,781
Other assets	(7,071)	-
Accounts payable	-	96,205
Accrued expenses	(102,959)	-
Net cash provided by (used for) operating activities	<u>(212,246)</u>	<u>374,661</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(205,321)	(367,669)
Payment of management fee	(64,710)	(64,624)
Payments received on notes receivable	166,629	362,386
Net cash used for investing activities	<u>(103,402)</u>	<u>(69,907)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	16,992	73,908
Payment of trust and annuity obligations	(184,904)	(100,583)
Net cash used for financing activities	<u>(167,912)</u>	<u>(26,675)</u>
Net increase (decrease) in cash and cash equivalents	(483,560)	278,079
Cash and cash equivalents, beginning of year	<u>679,218</u>	<u>401,139</u>
Cash and cash equivalents, end of year	<u>\$ 195,658</u>	<u>\$ 679,218</u>
Supplemental disclosures:		
Cash paid for interest	\$ 25,908	\$ 25,909

The accompanying notes are an integral part of these financial statements.

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Montana State University-Northern Foundation, (the Foundation) is a Montana not-for-profit corporation, composed of alumni and friends of Montana State University-Northern (MSUN) who are organized to promote and develop the University through fund raising activities. The Foundation's purpose is to accumulate funds to be used to develop, foster, and encourage excellence at Montana State University-Northern and to provide public awareness of the educational opportunities and activities of the University. The purposes of the Foundation are carried out by a board of trustees elected from the Foundation's membership.

Significant Accounting Policies:

1. Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reporting period. Actual results could differ from those estimates.
2. Cash and cash equivalents. Cash and cash equivalents includes savings and checking accounts, which are fully insured or collateralized. All highly liquid investments with a maturity of three months or less are considered to be cash equivalents.
3. Pledges receivable. Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions that are expected to be collected in more than one year are reported net of an allowance for uncollectable receivables. The allowance for uncollectible pledges receivable is determined based on management's evaluation of the collectability of individual promises.
4. Notes receivable. The recorded value of notes receivable approximate their fair value as current interest rates approximate market rates. Interest income is accrued as earned. Management has not recorded an allowance for loan loss as of June 30, 2013 and 2012 as all notes are current with payment terms.
5. Investments. Investments in marketable equity and debt securities are recorded at fair market value using public market quotations. Investments in land are recorded at the fair market value at the date of donation. Realized and unrealized gains and losses are recognized in the statement of activities as a component of investment income (expense). For management efficiency, investments of the unrestricted and restricted net assets are pooled except for certain net assets that the either the board of trustees or donors have designated to be segregated and maintained separately.
6. Assets limited as to use. Assets limited as to use consists of assets designated by the board for future capital improvements and as endowed assets for future earning to sustain continued operations and assets held for specific uses as designated by donors.
7. Furniture and equipment. Office equipment and furnishings purchased by the Foundation are recorded at cost net of accumulated depreciation. Donated property used by the Foundation is recorded at fair market value on the date contributed. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided by the straight-line method over the estimated useful lives of the assets which range from 5 to 10 years.
8. Basis of Presentation. The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

8. Basis of Presentation, continued. Standards Board. The financial statements of the Foundation have been prepared using the accrual basis of accounting. The Foundation classifies net assets, revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for specific or general purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

9. Contributions. Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. The Foundation determines an allowance for uncollectible accounts based upon management's judgment about such factors as prior collection history, type of contribution, and nature of fundraising activity. No allowance was deemed necessary at June 30, 2013.
10. Donated Property. The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless restricted by the donor. Donated property is recorded at fair value at the date of donation. Assets donated with explicit restrictions regarding their use are reported as restricted contributions.
11. Unitrust, Annuity Trust, and Gift Annuity Agreements. The Foundation has entered into unitrust and annuity trust agreements that provide, among other matters, that the trustee shall pay to the beneficiaries an annual income payment until the income obligation is completed in accordance with the donor's trust agreement. The Foundation records its interest in these trusts at the current market value of the related assets and a corresponding liability recorded for the actuarially determined present value of payments to be made to the designated beneficiaries with the residual amount recorded for the purposes designated when the gift is received. Upon termination of the income obligation, property in the trust is held by the Foundation in accordance with the donor's trust agreement.

The Foundation has entered into gift annuity agreements that provide that the Foundation shall pay to the designated beneficiaries an annual amount for a designated length of time or until the death of the designated beneficiaries. The payments continue even if the assets of the gift annuity fund have been exhausted. The Foundation records these gift annuities at market value and a corresponding liability is recorded for the actuarially determined present value of payments to be made to the designated beneficiaries, with the residual

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE A REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES, continued

11. Unitrust, Annuity Trust, and Gift Annuity Agreements, continued. amount recorded for the purposes designated when the gift is received. At the end of the designated time period or upon the death of the designated beneficiaries, property in the gift annuity fund is held by the Foundation in accordance with the agreements.
12. Income Tax Status. The organization is exempt from Federal 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. In addition, the organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

As a matter of law, the organization is subject to examination by federal and state taxing authorities. Although management believes that the amounts reflected in their information returns substantially comply with the applicable federal and state tax regulations, both the IRS and the various state taxing authorities can take positions contrary to management's position based on their interpretation of the law. The organization has determined that they are subject to examination of their federal information return filings in the United States for the 2010 – 2012 tax years. A tax position that is challenged by a taxing authority could result in penalties and interest being assessed to the organization. If this occurred, the organization would record these as interest expense.

13. Functional Allocation of Expenses. The costs of the Foundation's various programs and activities have been summarized on the functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.
14. Reclassifications. Certain line items in the financial statements for the year ended June 30, 2012 have been reclassified, with no effect on the net income, to be consistent with the classifications adopted for the current year.

NOTE B PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30:

	2013	2012
Capital campaign for capital improvements on MSU-Northern campus	\$ 82,714	\$ 131,557
Other pledges	1,963	2,453
Allowance for uncollectible accounts	(13,443)	-
Total	\$ 71,234	\$ 134,010

Pledges are expected to be collected in:

	2013	2012
Less than one year	\$ 38,416	\$ 46,409
One to five years	32,818	87,601
Total	\$ 71,234	\$ 134,010

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE C NOTES RECEIVABLE

Notes receivable consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Note receivable from Montana State University-Northern; annual payments ranging from \$135,000 in 2011 to \$205,169 in 2019; interest of 6% per annum; unsecured.	\$ 1,440,169	\$ 1,575,170
Installment contract receivable, monthly payments of \$344 including interest at 5.5%, final payment due 2028, secured by property.	41,450	44,043
Installment contract receivable, monthly payments of \$679 including interest at 6.5%, final payment due 2017, secured by property.	28,846	35,445
Installment contract receivable, monthly payments of \$2,962 including interest at 6.0%, final payment due 2032, secured by property.	405,835	416,671
Installment contract receivable, monthly payments of \$1,375 including interest at 5.4%, final payment due 2037, secured by property.	220,166	226,567
Installment contract receivable, annual payments of \$6,000 including interest at 5.0%, final payment due 2012, secured by property.	<u>-</u>	<u>5,199</u>
	<u>\$ 2,136,466</u>	<u>\$ 2,303,095</u>
Current portion of Notes Receivable	<u>\$ 157,099</u>	<u>\$ 166,629</u>
	<u>2013</u>	<u>2012</u>
Board designated	\$ 55,910	\$ -
Endowments	1,037,392	1,148,717
Trusts	1,043,164	1,154,378
	<u>\$ 2,136,466</u>	<u>\$ 2,303,095</u>

NOTE D FAIR VALUE MEASUREMENTS

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE D FAIR VALUE MEASUREMENTS, continued

- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Commercial/Government bonds and corporate stock: Valued at the closing price reported on the active market on which the individual securities are traded.

The Foundation's assets at fair value (identified by level within the fair value hierarchy) as of June 30, 2013 were as follows:

	Total	Level 1	Level 2	Level 3
Real asset funds	\$ -	\$ -	\$ -	\$ -
Real estate	300,833	-	-	300,833
Equity securities	2,351,278	2,351,278	-	-
Debt securities	499,984	499,984	-	-
Government securities	276,477	276,477	-	-
Total	<u>\$ 3,428,572</u>	<u>\$ 3,127,739</u>	<u>\$ -</u>	<u>\$ 300,833</u>

The Foundation's assets at fair value (identified by level within the fair value hierarchy) as of June 30, 2012 were as follows:

	Total	Level 1	Level 2	Level 3
Real asset funds	\$ 40,425	\$ -	\$ -	\$ 40,425
Real estate	300,833	-	-	300,833
Equity securities	1,931,957	1,931,957	-	-
Debt securities	528,575	528,575	-	-
Government securities	272,667	272,667	-	-
Total	<u>\$ 3,074,457</u>	<u>\$ 2,733,199</u>	<u>\$ -</u>	<u>\$ 341,258</u>

The following reconciles Level 3 inputs for the years ended June 30, 2013 and 2012:

Balance of Level 3 inputs as of June 30, 2011	\$ 338,620
Change in value of investments	<u>2,638</u>
Balance of Level 3 inputs as of June 30, 2012	341,258
Change in value of investments	<u>(40,425)</u>
Balance of Level 3 inputs as of June 30, 2013	<u><u>\$ 300,833</u></u>

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE E INVESTMENTS

Investments consist of the following at June 30:

	2013	2012
Real property and real asset funds	\$ 300,833	\$ 341,258
Equity securities	2,351,278	1,931,957
Debt securities	499,984	528,575
Government securities	276,477	272,667
Total	<u>\$ 3,428,572</u>	<u>\$ 3,074,457</u>

Investments consisted of the following at June 30:

	2013	2012
Unrestricted investments	\$ 68,692	\$ 81,899
Endowment investments	2,548,159	1,741,983
Alumni investments	196,821	211,112
Other temporarily restricted funds	-	433,539
Trust investments	614,900	605,924
Total	<u>\$ 3,428,572</u>	<u>\$ 3,074,457</u>

Investment income for the years ended June 30 is summarized as follows:

	2013	2012
Interest and dividend income	\$ 240,908	\$ 235,257
Realized and unrealized gains (losses) on investments carried at fair value	84,084	(68,030)
Total	<u>\$ 324,992</u>	<u>\$ 167,227</u>

Unrealized and realized gains are reported net of related expenses in the statement of activities. For years ended June 30, 2013 and 2012 the related expenses were \$20,568 and \$29,953, respectively.

NOTE F FURNITURE AND EQUIPMENT

Furniture and equipment, at cost, are summarized as follows at June 30:

	2013	2012
Office Furniture	\$ 11,806	\$ 11,806
Computers, Printers, and Software	31,794	42,646
	43,600	54,452
Less Accumulated Depreciation	(39,145)	(49,137)
Total	<u>\$ 4,455</u>	<u>\$ 5,315</u>

NOTE G INTERFUND LOANS

The Unrestricted fund of the Foundation has borrowed \$150,000 from the Foundation's endowment funds which it used to make a donation to MSU Northern for the purpose of reinstating a football program. The Unrestricted fund of

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE G INTERFUND LOANS, continued

the Foundation has borrowed \$412,836 from the Foundation's endowment funds and \$304,329 from temporarily restricted contributions, which it used to make donations to MSU Northern for costs of the Applied Technology Center and costs for athletic programs. The Foundation Unrestricted fund is paying annual interest only payments at the current market rate.

NOTE H LIABILITY TO OTHER BENEFICIARIES

Liabilities to other beneficiaries consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Borchert Trust - liability to others is 60% of the remaining trust balance upon maturity.	\$ 25,479	\$ 23,175
Ophus - Liability to others is 40% of remaining trust balance upon maturity.	22,140	22,140
Keene house liability to others upon maturity.	115,830	115,830
	<u>\$ 163,449</u>	<u>\$ 161,145</u>

NOTE I LIABILITY UNDER TRUST AGREEMENTS

Liabilities under trust agreements consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Borchert Trust - Charitable Remainder Unitrust One - life 7.25% -Based upon present value using 2013 SSA life expectancy tables. Payments and liability are recalculated annually as determined by the investment balances at 12/31.	\$ 13,686	\$ 12,479
Brantley Trust - Term of Years Charitable Remainder Annuity Trust (CRAT) - payments \$10,000 per year through December 2012.	-	4,793
D Johnsrud - CRAT - \$54,020 annually paid in monthly installments at 7.3%. Based upon present value using 2013 SSA life expectancy tables.	421,409	405,475
Drummer Trust - Term of Years Remainder Annuity Trust - 5.75% Semi-annual payments of \$2,176 until December 2023.	16,975	18,676
Ophus Trust -Term of Years Unitrust - 20 year term matures December 2021 Payments and liability are recalculated annually as determined by the investment balances at 12/31.	57,224	61,910
Staudacher - CRAT - 7.25 %, payments \$33,950 annually, joint lives, based on present value using 2013 SSA life expectancy tables.	295,795	291,214
Worstell - CRAT - 7.25%, 20 year term matures December 2020, \$6,815 paid in quarterly payments of \$1,703.	39,160	42,962

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE I LIABILITY UNDER TRUST AGREEMENTS, continued

	<u>2013</u>	<u>2012</u>
C Johnsrud Trust - CRAT - 7.25%, Payments of \$5,705 annually, 20 year term matures 2020.	31,576	34,842
Watkins Trust - CRAT - 6.2%, payments of \$6,200 paid annually, Joint lives based up on present value using 2013 SSA life expectancy tables.	69,159	68,005
Trust A Johnsrud - CRAT - 6.84%, 20 year term matures December 2026, \$7,828 paid in quarterly payments of \$1,957,	66,750	70,165
Trust B Johnsrud - CRAT - 6.84%, 20 year term matures December 2026, \$14,607 paid in quarterly payments of \$3,652	124,548	130,921
Grimm Trust annual payments of \$8,050 7 % Interest for 20 years maturing December 2020.	49,711	53,982
Total liabilities under trust agreements	1,185,993	1,195,424
Current portion of liabilities under trust agreements	56,703	46,058
Long term liabilities under trust agreements	\$ 1,129,290	\$ 1,149,366

The five year payout for the trust obligations is:

2014	\$ 56,703
2015	60,156
2016	62,792
2017	65,468
2018	64,551
Thereafter	876,323
	\$ 1,185,993

NOTE J GIFT ANNUITY OBLIGATIONS

The gift annuity obligations consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Hanson Annuity - Charitable Gift Annuity - 7.4% joint lives based upon present value using the 2013 SSA life expectancy tables, payments of \$29,400 per year, paid bi-annually.	\$ 303,005	\$ 302,826
Current portion of gift annuity obligations	8,584	9,780
Long term gift annuity obligations	\$ 294,421	\$ 293,046

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE J GIFT ANNUITY OBLIGATIONS, continued

The five year payout for the annuity is:

2014	\$	8,584
2015		8,755
2016		8,985
2017		9,073
2018		9,288
Thereafter		258,320
Total gift annuity	\$	<u>303,005</u>

NOTE K EMPLOYEE BENEFIT PLAN

The Foundation is the sponsor of a 403(b) retirement plan. Under this plan, the Foundation will match 100% of an employee's elective salary deferral. The employee elective deferral is limited to the smaller of the maximum IRS rate or 6%. For the years ended June 30, 2013 and 2012 the Foundation's contributions to the plan were \$10,240 and \$7,058, respectively.

NOTE L UNRESTRICTED NET ASSETS

At June 30, 2013 and 2012 the unrestricted fund had negative net assets due to an excess of expenditures over revenues. This was primarily due to the support provided to the Applied Technology Center at MSU-Northern. The Foundation has borrowed to provide this support and will repay the funds and restore the net assets from future contributions.

A primary source of these contributions is anticipated to be trust funds currently managed by the Foundation. As the trusts reach their maturity the remaining funds will become unrestricted and will be available to restore the net assets.

NOTE M TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30 are summarized as follows:

	2013	Restated 2012
Scholarships	\$ 314,812	\$ 257,824
Restricted for trusts	507,709	550,307
Alumni	198,056	184,829
Community Projects	304,328	304,329
Other	317,102	730,321
Subtotal	<u>1,642,007</u>	<u>2,027,610</u>
Athletics	-	(10,350)
Total temporarily restricted net assets	<u>\$ 1,642,007</u>	<u>\$ 2,017,260</u>

The balance of Athletics at June 30, 2012 represents an obligation of future revenues that was collected subsequent to year end.

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE N PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of June 30 are summarized as follows:

	2013	Restated 2012
Other Projects	\$ 46,364	\$ 46,203
Scholarships	3,598,289	3,544,697
Total permanently restricted net assets	<u>\$ 3,644,653</u>	<u>\$ 3,590,900</u>

NOTE O ENDOWMENTS

The Board of Trustees of the foundation has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 (1) the original value of gifts donated to all donor-restricted permanent endowments, (2) the original value of any subsequent gifts to donor-restricted permanent endowments, and (3) any accumulations to donor-restricted permanent endowments 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 a donor-restricted permanent endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization.

UPMIFA permits the foundation to appropriate for expenditure or accumulate so much of a donor restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Under the Foundation's endowment spending policy a variable percentage (set annually by the board of directors) of the prior year ending endowment value is budgeted for scholarship expenditures. The board of directors also annually sets a percentage of endowment fund earnings are used for reasonable management costs of the investments. For the year ended June 30, 2013 2% was appropriated for scholarship expenditures and 2% was earmarked for management fees.

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.

Changes in net asset composition by type of fund for the years ended June 30, 2013 and 2012 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets June 30, 2011, as previously reported	\$ 170,819	\$ 3,751,701	\$ 3,922,520
Prior Period Adjustment	(130,620)	36,991	(93,629)
Endowment net assets June 30, 2011, as restated	<u>40,199</u>	<u>3,788,692</u>	<u>3,828,891</u>

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE O ENDOWMENTS, continued

Investment return:

Interest and dividends	150,058	-	150,058
Net gains (realized and unrealized)	(78,133)	-	(78,133)
Total investment return	<u>71,925</u>	-	<u>71,925</u>
Gifts	-	100,313	100,313
Appropriation of endowment assets for expenditure-spending rate	<u>(103,850)</u>	-	<u>-</u>
Endowment net assets June 30, 2012, as previously reported	8,274	3,889,005	3,897,279
Prior Period Adjustment	<u>(14,995)</u>	<u>(298,105)</u>	<u>(313,100)</u>
Endowment net assets June 30, 2012, as restated	(6,721)	3,590,900	3,584,179
Investment return:			
Interest and dividends	134,264	-	134,264
Net gains (realized and unrealized)	<u>36,838</u>	-	<u>36,838</u>
Total investment return	171,102	-	171,102
Gifts	-	53,753	53,753
Appropriation of endowment assets for expenditure-spending rate	<u>(99,421)</u>	-	<u>(99,421)</u>
Endowment net assets June 30, 2013	<u><u>\$ 64,960</u></u>	<u><u>\$ 3,644,653</u></u>	<u><u>\$ 3,709,613</u></u>

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets to maintain principle value while seeking to maximize investment return within the risk parameters. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). The absolute objective is to seek an average total annual return that exceeds the spending/payout rate plus fees and inflation. This objective is measured annually; the intent of this objective is to preserve, over time, the principal value of the assets. The relative objective is to seek competitive investment performance versus appropriate capital market measures, such as securities indices. This objective shall be measured primarily by comparing investment results annually. 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 of Directors. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - The assets will be managed on a total return basis. While the Foundation recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the Foundation's best interest on a risk-adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the Foundation's investments are exposed. The objective is to minimize operational risks and require appropriate compensation for investment risks which the Foundation is willing to accept.

NOTE P GIFT ANNUITIES

The Foundation is subject to certain provisions of the Montana Code Annotated which specify that a charitable organization may only issue a "qualified charitable gift annuity" if it meets the following statutory requirements on the date of the annuity agreement:

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE P GIFT ANNUITIES, continued

- Has a minimum of \$300,000 net worth or has a minimum of \$100,000 in unrestricted cash, cash equivalents, or publicly traded securities, exclusive of the assets funding the annuity agreement;
- Has been in continuous operation for at least three years or is a successor or affiliate of a charitable organization that has been in continuous operation for at least three years; and
- Maintains a separate annuity fund with at least one-half the value of the initial amount transferred for outstanding annuities.

For the year ended June 30, 2013 and 2012, the Foundation does not have sufficient reserves to issue new qualified charitable gift annuities.

NOTE Q CONCENTRATION OF CREDIT RISK

The Foundation maintains deposits in excess of federally insured limits. FASB Accounting Standards Codification 275, Risks of Uncertainties, identifies these items as a concentration of credit risk requiring disclosures, regardless of the degree of risk. As of June 30, 2013 and 2012 the Foundation's deposits in excess of federally insured limits were \$0 and \$174,727, respectively.

NOTE R RELATED PARTY TRANSACTIONS

The Foundation received the following payments from Montana State University-Northern:

	2013	2012
Annual fee for fundraising and other service	\$ 146,000	\$ 146,000
Donation to discretionary account	3,000	3,000
Support for Alumni Program	24,204	24,204
Total Payments	<u>\$ 173,204</u>	<u>\$ 173,204</u>

The Foundation also had notes receivable from Montana State University-Northern of \$1,440,169 and \$1,575,570 at June 30, 2013 and 2012 respectively.

Certain operating costs of the Foundation are paid directly by Montana State University-Northern. These include costs associated with the free use of administrative office facilities, telephone, utilities, and certain other operating costs attributed to the Foundation. These costs are not included in the accompanying financial statements due to the difficulty of accurately determining their value.

NOTE S PRIOR PERIOD ADJUSTMENT

The Foundation has restated its previously issued 2012 financial statements for matters related to the following previously reported items: accounts receivable and revenue decreased by \$649 due to invalid receivables recorded in the prior year, corrections of transfers between unrestricted, temporarily restricted and permanently restricted net assets in the prior year and an opening balance adjustment of \$304,329 for contributions that were improperly recorded as permanently restricted when it was received rather than temporarily restricted.

Montana State University-Northern Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

NOTE T SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through the date of the auditor's report, which is the date these financial statements were available to be issued. There were no events between July 1, 2012 and the date of the auditor's report October 02, 2013 that require recognition as of June 30, 2013.