

**GREAT FALLS RESCUE MISSION**

**GREAT FALLS, MONTANA**

**FINANCIAL STATEMENTS**

**AS OF**

**SEPTEMBER 30, 2013 AND 2012**

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*Douglas Wilson & Company, P.C.*

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and Company, PC

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Great Falls Rescue Mission  
Great Falls, Montana

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## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Great Falls Rescue Mission (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and net assets, cash flows and functional expenses 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Falls Rescue Mission as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Douglas Nelson + Company, P.C.*

Great Falls, Montana  
November 19, 2013

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

STATEMENTS OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2013 AND 2012

	<u>9/30/13</u>	<u>(Restated) 9/30/12</u>
<b>ASSETS</b>		
Cash	\$ 64,558	\$ 77,574
Investments	1,343,490	1,445,738
Prepaid Expenses	18,846	34,279
Contributions Receivable	1,180,779	-
Land	146,435	146,435
Buildings and Improvements	676,501	665,292
Equipment and Tools	69,457	44,326
Furniture and Fixtures	25,077	21,477
Vehicles	41,699	71,699
Less: Accumulated Depreciation	(287,115)	(255,902)
Construction in Progress	392,307	135,237
	<u>\$ 3,672,034</u>	<u>\$ 2,386,155</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts Payable	\$ 27,776	\$ 43,584
Accrued Salaries Payable	23,842	21,368
Accrued Vacation Payable	20,379	17,410
Insurance Payable	2,571	6,436
Payroll Taxes Payable	3,124	1,241
Deferred Revenue	7,500	-
Total Liabilities	<u>85,192</u>	<u>90,039</u>
Net Assets:		
Unrestricted:		
Investment in Fixed Assets	1,064,361	828,564
Designated for Operating Reserve	350,000	350,000
Designated for Capital Improvements	537,693	212,232
Undesignated	238,022	460,387
Temporarily Restricted	1,396,766	444,933
Total Net Assets	<u>3,586,842</u>	<u>2,296,116</u>
Total Liabilities and Net Assets	<u>\$ 3,672,034</u>	<u>\$ 2,386,155</u>

See notes to the financial statements.

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

STATEMENT OF ACTIVITIES AND NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues, Gains and Other Support:</b>			
Contribution Income	\$ 1,509,738	\$ 1,201,903	\$ 2,711,641
Contribution Income - In Kind	1,219,109	-	1,219,109
Grants	-	15,000	15,000
Banquet Income	51,652	-	51,652
Golf Marathon Income	10,538	-	10,538
Miscellaneous Income	23,931	-	23,931
Camp Revenue	32,794	-	32,794
Investment Earnings	63,256	-	63,256
Realized/Unrealized Gain (Loss)	(11,580)	-	(11,580)
Loss on Sale of Vehicle	(8,700)	-	(8,700)
<b>Net Assets Released From Restrictions:</b>			
Satisfaction of Purpose Restrictions	265,070	(265,070)	-
<b>Total Revenue</b>	<u>3,155,808</u>	<u>951,833</u>	<u>4,107,641</u>
<b>Expenses:</b>			
<b>Program Expenses:</b>			
Food and Clothing	1,236,459	-	1,236,459
Women and Family	202,530	-	202,530
Men's Ministry	226,710	-	226,710
Children and Youth Ministry	119,400	-	119,400
Clinic and Miscellaneous Services	123,033	-	123,033
Maintenance and Construction	87,583	-	87,583
Fund Raising	518,813	-	518,813
General and Administrative	302,387	-	302,387
<b>Total Expenses</b>	<u>2,816,915</u>	<u>-</u>	<u>2,816,915</u>
<b>Change in Net Assets</b>	338,893	951,833	1,290,726
<b>Net Assets, Beginning of Year</b>	<u>1,851,183</u>	<u>444,933</u>	<u>2,296,116</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,190,076</u>	<u>\$ 1,396,766</u>	<u>\$ 3,586,842</u>

See notes to the financial statements.

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

STATEMENT OF ACTIVITIES AND NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	(Restated) Total
<b>Revenues, Gains and Other Support:</b>			
Contribution Income	\$ 1,696,338	\$ 580,170	\$ 2,276,508
Contribution Income - In Kind	1,553,433	-	1,553,433
Grants	-	70,000	70,000
Banquet Income	34,835	-	34,835
Golf Marathon Income	20,007	-	20,007
Miscellaneous Income	39,042	-	39,042
Camp Revenue	11,998	-	11,998
Investment Earnings	20,085	-	20,085
Realized/Unrealized Gain (Loss)	51,551	-	51,551
<b>Net Assets Released From Restrictions:</b>			
Satisfaction of Purpose Restrictions	219,527	(219,527)	-
<b>Total Revenue</b>	<b>3,646,816</b>	<b>430,643</b>	<b>4,077,459</b>
<b>Expenses:</b>			
<b>Program Expenses:</b>			
Food and Clothing	1,590,514	-	1,590,514
Women and Family	194,885	-	194,885
Men's Ministry	262,640	-	262,640
Children and Youth Ministry	153,089	-	153,089
Clinic and Miscellaneous Services	113,470	-	113,470
Maintenance and Construction	71,338	-	71,338
Fund Raising	290,169	-	290,169
General and Administrative	240,303	-	240,303
<b>Total Expenses</b>	<b>2,916,408</b>	<b>-</b>	<b>2,916,408</b>
<b>Change in Net Assets</b>	<b>730,408</b>	<b>430,643</b>	<b>1,161,051</b>
<b>Net Assets, Beginning of Year</b>	<b>1,140,865</b>	<b>14,290</b>	<b>1,155,155</b>
Prior Year Adjustment	(20,090)	-	(20,090)
<b>Net Assets, Beginning of Year, Restated</b>	<b>1,120,775</b>	<b>14,290</b>	<b>1,135,065</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,851,183</b>	<b>\$ 444,933</b>	<b>\$ 2,296,116</b>

See notes to the financial statements.

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>9/30/13</u>	<u>(Restated) 9/30/12</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,290,726	\$ 1,161,051
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	39,839	25,363
Realized / Unrealized Loss (Gain) on Investments	11,580	(51,551)
Loss on Sale of Vehicle	8,700	-
Donated Assets Included in Contributions	(50,000)	(30,000)
(Increase) Decrease in Prepaid Expenses	15,433	(8,783)
(Increase) Decrease in Contributions Receivable	(1,180,779)	-
Increase (Decrease) in Accounts Payable	(15,808)	22,906
Increase (Decrease) in Accrued Salaries	2,474	1,278
Increase (Decrease) in Accrued Vacation	2,969	(4,378)
Increase (Decrease) in Insurance Payable	(3,865)	2,561
Increase (Decrease) in Payroll Taxes Payable	1,883	866
Increase (Decrease) in Deferred Revenue	7,500	-
Net Cash Provided by Operating Activities	<u>130,652</u>	<u>1,119,313</u>
Cash Flows from Investing Activities:		
Proceeds from the Sale of Fixed Assets	13,500	-
Purchase of Fixed Assets	(297,836)	(336,043)
Proceeds from the Sale of Investments	674,197	20,587
Purchase of Investments	(533,529)	(1,202,542)
Net Cash Used by Investing Activities	<u>(143,668)</u>	<u>(1,517,998)</u>
Net Increase (Decrease) in Cash	(13,016)	(398,685)
Cash at Beginning of Year	<u>77,574</u>	<u>476,259</u>
Cash at End of Year	<u>\$ 64,558</u>	<u>\$ 77,574</u>

See notes to the financial statements.



GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Food & Clothing	Women & Family	Men's Ministry	Children & Youth Ministry	Clinic & Misc. Services	Maintenance and Construction	Fund Raising	General & Admin.	Total
Salaries	\$ 51,010	\$ 97,394	\$ 71,994	\$ 52,894	\$ 17,894	\$ 50,222	\$ 67,467	\$ 152,318	\$ 561,193
Payroll Taxes	5,293	9,992	7,474	5,280	1,764	4,831	5,123	13,995	53,752
Employee Relations and Benefits	11,618	25,401	29,658	2,059	2,813	19,594	56,255	57,202	204,600
Advertising	-	-	-	-	-	-	24,243	-	24,243
Dues and Subscriptions	63	263	441	53	1,407	348	17,897	7,306	27,778
Banquet Expenses	-	-	-	-	-	-	113	-	113
Education	91	1,943	4,738	441	-	-	1,398	7,159	15,770
Events	5,598	-	-	1,911	711	-	1,093	-	9,313
Food and Vending									
Machine Purchases	43,084	1,421	2,755	5,252	-	-	-	1,363	53,875
Gifts in Kind	1,078,784	-	-	-	89,500	-	-	-	1,168,284
Fundraising	-	-	-	-	-	-	214,773	6	214,779
Incentive Allowances	-	3,690	19,545	-	-	-	-	-	23,235
Insurance	1,724	2,866	3,683	4,889	308	982	1,893	12,727	29,072
Meals and Entertainment	-	98	553	2,163	30	638	823	484	4,789
Miscellaneous	4,886	1,411	4,660	3,505	-	1,507	4,385	9,723	30,077
Office Supplies	3,510	-	-	136	-	-	5,856	9,536	19,038
Postage	1,254	-	-	-	-	-	8,833	-	10,087
Professional Fees	2,292	374	505	294	982	137	1,095	1,534	7,213
Repairs and Maintenance	2,990	5,948	18,838	732	2,619	2,772	38	6,061	39,998
Support	250	4,265	1,834	-	-	1,671	90,067	1,000	99,087
Supplies	8,931	19,934	15,524	23,947	4,099	813	-	1,831	75,079
Internet	33	265	231	143	-	33	317	165	1,187
Taxes and Licenses	457	1,497	1,994	171	217	546	-	718	5,600
Telephone	501	1,706	2,157	473	159	266	2,798	3,338	11,398
Travel and Lodging	239	1,014	2,240	3,500	-	3,223	3,027	1,897	15,140
Utilities	8,933	13,626	28,202	-	21	-	-	3,082	53,864
Vehicle	3,245	334	1,569	9,736	509	-	1,330	1,789	18,512
Depreciation	1,673	9,088	8,115	1,821	-	-	9,989	9,153	39,839
<b>Total</b>	<b>\$ 1,236,459</b>	<b>\$ 202,530</b>	<b>\$ 226,710</b>	<b>\$ 119,400</b>	<b>\$ 123,033</b>	<b>\$ 87,583</b>	<b>\$ 518,813</b>	<b>\$ 302,387</b>	<b>\$ 2,816,915</b>

See notes to the financial statements.

**GREAT FALLS RESCUE MISSION**

**GREAT FALLS, MONTANA**

**STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>Food &amp; Clothing</b>	<b>Women &amp; Family</b>	<b>Men's Ministry</b>	<b>Children &amp; Youth Ministry</b>	<b>Clinic &amp; Misc. Services</b>	<b>Maintenance and Construction</b>	<b>Fund Raising</b>	<b>General &amp; Admin.</b>	<b>(Restated) Total</b>
Salaries	\$ 70,022	\$ 112,854	\$ 120,826	\$ 86,906	\$ 6,683	\$ 34,199	\$ 29,187	\$ 120,024	\$ 580,701
Payroll Taxes	5,947	10,620	12,366	6,624	511	2,452	2,066	6,914	47,500
Employee Relations and Benefits	12,835	21,274	26,070	10,727	759	13,418	5,854	19,276	110,213
Advertising	2,969	-	3,872	3,035	56	2,488	1,871	-	14,291
Dues and Subscriptions	297	792	546	35	-	597	555	1,836	4,658
Banquet Expenses	-	-	-	-	-	-	14,007	-	14,007
Education	105	1,294	2,767	482	73	-	34	2,455	7,210
Events	278	-	-	6,383	-	-	3,465	-	10,126
Food and Vending Machine Purchases	27,074	598	335	3,383	-	-	-	490	31,880
Gifts in Kind	1,422,717	104	-	-	100,790	-	-	-	1,523,611
Fundraising	-	116	-	-	-	14	179,167	17,967	197,264
Newsletter	-	-	-	-	-	-	20,443	-	20,443
Incentive Allowances	-	3,015	31,113	-	-	-	-	-	34,128
Insurance	4,576	5,652	5,665	5,665	-	4,244	18	2,952	28,772
Meals and Entertainment	1,431	270	-	243	-	176	1,987	2,355	6,462
Miscellaneous	9,207	3,757	1,869	2,726	254	539	708	6,895	25,955
Office Supplies	202	-	-	168	-	-	5,946	8,932	15,248
Postage	-	-	-	-	-	-	8,462	393	8,855
Professional Fees	1,820	1,060	1,060	1,060	-	2,233	315	530	8,078
Repairs and Maintenance	2,406	4,763	14,193	1,832	1,762	477	-	2,394	27,827
Support	1,412	4,510	1,200	11,450	-	-	-	-	18,572
Supplies	9,463	8,577	12,879	1,003	644	2,428	-	4,351	39,345
Internet	17	147	220	76	-	16	5,557	5,704	11,737
Taxes and Licenses	429	478	658	102	124	87	-	232	2,110
Telephone	1,106	1,930	2,594	1,800	541	448	994	1,728	11,141
Travel and Lodging	12	1,649	1,339	16	-	3,047	6,786	1,708	14,557
Utilities	12,222	10,863	20,861	4,349	1,273	4,475	41	4,064	58,148
Vehicle	3,967	562	2,207	5,024	-	-	2,706	1,990	16,456
Depreciation	-	-	-	-	-	-	-	27,113	27,113
<b>Total</b>	<b>\$ 1,590,514</b>	<b>\$ 194,885</b>	<b>\$ 262,640</b>	<b>\$ 153,089</b>	<b>\$ 113,470</b>	<b>\$ 71,338</b>	<b>\$ 290,169</b>	<b>\$ 240,303</b>	<b>\$ 2,916,408</b>

See notes to the financial statements.

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- A. Nature of Activities** - The Great Falls Rescue Mission (Mission) is a non-profit Christian organization committed to caring for the hungry, hurting and homeless of north central Montana. The Mission provides food, clothing, shelter and Christian ministry for those in need. A majority of the revenue is contributions from individuals and businesses within north central Montana.
- B. Method of Accounting** - The financial statements of the Great Falls Rescue Mission have been prepared utilizing the accrual basis of accounting.
- C. Financial Statement Presentation** – According to accounting standards, Great Falls Rescue Mission is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, Great Falls Rescue Mission is required to present a statement of cash flows.
- D. Contributions** - Contributions whose restrictions are met in the same period as the recognition of the contribution are considered unrestricted for reporting purposes. There were no permanently restricted net assets at September 30, 2013 and 2012.
- E. Donor-Imposed Restrictions** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

- F. Furniture and Equipment** - All expenditures for furniture and equipment and the fair value of donated items in excess of \$5,000 are capitalized. Purchased equipment is recorded at cost. Depreciation is computed by the accelerated method over the following estimated useful lives:

Furniture, Fixtures and Equipment	3 - 10 Years
Buildings and Improvements	30 - 39 Years
Vehicles	5 Years

- G. Donated Materials and Services** - Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. Donated services relate to professional services received and are used for clinic services. Total donated services recognized as revenues are \$89,500 and \$100,790, respectively for the years ended September 30, 2013 and 2012.
- H. Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- I. Income Tax Status** - The Great Falls Rescue Mission qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore has no provision for federal and state income taxes. For the years prior to 2010 the organization's tax returns are generally no longer subject to examination.
- J. Cash and Cash Equivalents** - For the statement of financial position and statement of cash flows, cash and cash equivalents are defined as all monies in petty cash, checking, savings and money market accounts and certificates of deposit.
- K. Subsequent Events** - In preparing these financial statements, the Great Falls Rescue Mission has evaluated events and transactions for potential recognition or disclosure through November 19, 2013, the date the financial statements were available to be issued.

**NOTE 2: INVESTMENTS/FAIR VALUE MEASUREMENTS:**

Assets and liabilities recorded at fair value on the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- 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's 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

The Mission's investments are recorded at fair value and have been categorized based upon a fair value hierarchy in accordance with accounting standards.

Fair values of assets measured on a recurring basis at September 30, 2013 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 351,413	\$ 351,413	\$ -	\$ -
Unit Investment Trusts	909,149	909,149	-	-
Equity Securities	32,928	32,928	-	-
Land - Ravalli County, Montana	50,000	-	-	50,000
Total	<u>\$ 1,343,490</u>	<u>\$ 1,293,490</u>	<u>\$ -</u>	<u>\$ 50,000</u>

The land was valued using comparable sales from three sales within the year in the same area. No gain or loss has been recorded in the statement of activities related to the land.

Fair values of assets measured on a recurring basis at September 30, 2012 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 234,992	\$ 234,992	\$ -	\$ -
Unit Investment Trusts	1,203,291	1,203,291	-	-
Equity Securities	7,455	7,455	-	-
Total	<u>\$ 1,445,738</u>	<u>\$ 1,445,738</u>	<u>\$ -</u>	<u>\$ -</u>

The fair market value and cost of investments consist of the following:

	<b>2013 Fair Market Value</b>	<b>Cost</b>	<b>Unrealized Gain</b>
Mutual Funds	\$ 351,413	\$ 336,072	\$ 15,341
Unit Investment Trusts	909,149	896,328	12,821
Equity Securities	32,928	30,007	2,921
Land - Ravalli County, Montana	50,000	50,000	-
Total	<u>\$ 1,343,490</u>	<u>\$ 1,312,407</u>	<u>\$ 31,083</u>

	<b>2012 Fair Market Value</b>	<b>Cost</b>	<b>Unrealized Gain</b>
Mutual Funds	\$ 234,992	\$ 176,217	\$ 58,775
Unit Investment Trusts	1,203,291	1,181,955	21,336
Equity Securities	7,455	5,197	2,258
Total	<u>\$ 1,445,738</u>	<u>\$ 1,363,369</u>	<u>\$ 82,369</u>

**NOTE 3: CONTRIBUTIONS RECEIVABLE:**

Contributions receivable at September 30 are expected to be realized in the following periods.

	<b>2013</b>	<b>2012</b>
In less than one year	\$ 408,425	\$ -
Between one year and three years	816,849	-
Total contributions receivable	<u>1,225,274</u>	-
Less: Present value discount	24,495	-
Allowance for doubtful accounts	20,000	-
Contributions receivable, net	<u>\$ 1,180,779</u>	<u>\$ -</u>

The present value discount was calculated using a discount factor of 2%.

**NOTE 4: DESIGNATED FOR OPERATING RESERVE:**

The Mission has designated \$350,000 for 2013, to be held in reserve when adverse economic conditions occur and contributions decrease.

**NOTE 5: OPERATING LEASE:**

On May 1, 2013 the organization entered into an operating lease for their administration offices. The lease is a year to year lease with monthly payments of \$1,500. Total lease expense for the year ended September 30, 2013 was \$10,666.

**NOTE 6: TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets are for a construction of a building and to install a heating/cooling unit in the women and family shelter.

**NOTE 7: PRIOR PERIOD ADJUSTMENT:**

Accrued wages were not recorded as a liability in the past. The prior year amounts have been adjusted to reflect this change.