

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS

AS OF

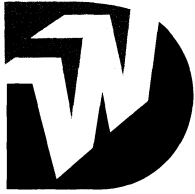
SEPTEMBER 30, 2012 AND 2011

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Douglas Wilson & Company, P.C.

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Great Falls, Montana

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of Great Falls Rescue Mission (a nonprofit organization) as of September 30, 2012 and 2011, and the related statements of activities and net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Great Falls Rescue Mission's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Douglas Wilson + Company, P.C.

Great Falls, Montana
October 30, 2012

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

**STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2012 AND 2011**

	9/30/12	9/30/11
ASSETS		
Cash	\$ 77,574	\$ 476,259
Investments	1,445,738	212,232
Prepaid Expenses	34,279	25,496
Land	146,435	35,000
Buildings and Improvements	665,292	590,061
Equipment and Tools	44,326	30,973
Furniture and Fixtures	21,477	19,690
Vehicles	71,699	42,699
Less: Accumulated Depreciation	(255,902)	(230,539)
Construction in Progress	135,237	-
	\$ 2,386,155	\$ 1,201,871

LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	\$ 43,584	\$ 20,678
Accrued Vacation Payable	17,410	21,788
Insurance Payable	6,436	3,875
Payroll Taxes Payable	1,241	375
Total Liabilities	68,671	46,716
Net Assets:		
Unrestricted:		
Investment in Fixed Assets	828,564	487,884
Designated for Operating Reserve	350,000	350,000
Designated for Capital Improvements	212,232	212,232
Undesignated	481,755	90,749
Temporarily Restricted	444,933	14,290
Total Net Assets	2,317,484	1,155,155
Total Liabilities and Net Assets	\$ 2,386,155	\$ 1,201,871

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	Total
Revenues, Gains and Other Support:			
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	51,551	-	51,551
Net Assets Released From Restrictions:			
Satisfaction of Purpose Restrictions	219,527	(219,527)	-
Total Revenue	3,646,816	430,643	4,077,459
Expenses:			
Program Expenses:			
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	239,025	-	239,025
Total Expenses	2,915,130	-	2,915,130
Change in Net Assets	731,686	430,643	1,162,329
Net Assets, Beginning of Year	1,140,865	14,290	1,155,155
Net Assets, End of Year	\$ 1,872,551	\$ 444,933	\$ 2,317,484

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, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support:			
Contribution Income	\$ 1,509,187	\$ -	\$ 1,509,187
Contribution Income - In Kind	1,430,949	-	1,430,949
Grants	-	14,290	14,290
Banquet Income	15,131	-	15,131
Golf Marathon Income	16,706	-	16,706
Summer Feeding Program	120	-	120
Miscellaneous Income	40,578	-	40,578
Camp Revenue	2,891	-	2,891
Investment Earnings	2,863	-	2,863
Realized/Unrealized Gain	3,975	-	3,975
Net Assets Released From Restrictions:			
Satisfaction of Purpose Restrictions	-	-	-
Total Revenue	<u>3,022,400</u>	<u>14,290</u>	<u>3,036,690</u>
Expenses:			
Program Expenses:			
Food and Clothing	1,475,804	-	1,475,804
Women and Family	169,458	-	169,458
Men's Ministry	245,789	-	245,789
Children and Youth Ministry	161,293	-	161,293
Clinic and Miscellaneous Services	113,951	-	113,951
Maintenance and Construction	64,078	-	64,078
Fund Raising	280,013	-	280,013
General and Administrative	187,526	-	187,526
Total Expenses	<u>2,697,912</u>	<u>-</u>	<u>2,697,912</u>
Change in Net Assets	324,488	14,290	338,778
Net Assets, Beginning of Year	<u>816,377</u>	<u>-</u>	<u>816,377</u>
Net Assets, End of Year	<u>\$ 1,140,865</u>	<u>\$ 14,290</u>	<u>\$ 1,155,155</u>

See notes to the financial statements.

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	9/30/12	9/30/11
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,162,329	\$ 338,778
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	25,363	22,510
Unrealized Loss (Gain) on Investments	(51,551)	(3,975)
Donated Vehicle Included in Contributions	(30,000)	-
(Increase) Decrease in Prepaid Expenses	(8,783)	(6,599)
Increase (Decrease) in Accounts Payable	22,906	18,937
Increase (Decrease) in Accrued Vacation	(4,378)	10,666
Increase (Decrease) in Payroll Taxes Payable	3,427	1,036
Net Cash Provided by Operating Activities	1,119,313	381,353
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	(336,043)	(12,405)
Proceeds from the Sale of Investments	20,587	-
Purchase of Investments	(1,202,542)	(8,672)
Net Cash Used by Investing Activities	(1,517,998)	(21,077)
Net Increase (Decrease) in Cash	(398,685)	360,276
Cash at Beginning of Year	476,259	115,983
Cash at End of year	\$ 77,574	\$ 476,259

See notes to the financial statements.

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

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

	Food & Clothing	Women & Family	Men's Ministry	Children & Youth Ministry	Clinic & Misc. Services	Maintenance and Construction	Fund Raising	General & Admin.	Total
Salaries	\$ 70,022	\$ 112,854	\$ 120,826	\$ 86,906	\$ 6,683	\$ 34,199	\$ 29,187	\$ 118,746	\$ 579,423
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
Total	\$ 1,590,514	\$ 194,885	\$ 262,640	\$ 153,089	\$ 113,470	\$ 71,338	\$ 290,169	\$ 239,025	\$ 2,915,130

See notes to the financial statements.

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Food & Clothing	Women & Family	Men's Ministry	Children & Youth Ministry	Clinic & Misc. Services	Maintenance and Construction	Fund Raising	General & Admin.	Total
Salaries	\$ 72,526	\$ 101,352	\$ 125,706	\$ 92,565	\$ 6,217	\$ 31,603	\$ 16,815	\$ 72,674	\$ 519,458
Payroll Taxes	8,201	8,778	11,173	7,250	312	2,760	1,449	2,734	42,657
Employee Relations and Benefits	14,385	14,929	21,414	10,747	815	9,545	2,846	22,766	97,447
Advertising	23	-	115	90	90	23	125	-	466
Dues and Subscriptions	36	48	48	48	-	186	300	1,149	1,815
Banquet Expenses	-	-	-	-	-	-	14,993	-	14,993
Education	1,518	1,588	1,572	448	12	-	96	1,229	6,463
Events	2,993	-	-	5,562	50	-	1,310	-	9,915
Food and Vending	-	-	-	-	-	-	-	-	-
Machine Purchases	19,748	625	599	2,906	-	-	-	222	24,100
Gifts in Kind	1,317,789	-	-	-	103,160	-	-	-	1,420,949
Fundraising	445	944	998	1,193	150	436	209,630	6,865	220,661
Newsletter	-	-	-	-	-	-	15,438	-	15,438
Incentive Allowances	-	2,540	25,160	-	-	-	-	-	27,700
Insurance	1,103	1,252	1,234	2,604	115	439	679	15,347	22,773
Meals and Entertainment	599	406	1,363	1,522	10	167	439	1,077	5,583
Miscellaneous	537	349	2,333	1,389	15	784	350	5,299	11,056
Office Supplies	-	-	-	-	-	-	2,711	5,705	8,416
Postage	18	-	-	-	-	-	6,002	413	6,433
Professional Fees	1,421	1,961	2,361	1,561	50	871	-	1,531	9,756
Repairs and Maintenance	3,167	6,056	14,512	430	81	7,167	-	6,545	37,958
Support	1,456	2,021	10,441	7,457	-	-	-	132	21,507
Supplies	10,234	8,875	-	2,886	672	3,019	-	8,074	33,760
Internet	1,631	1,333	1,349	1,346	-	363	1,950	7,391	15,363
Taxes and Licenses	558	648	764	244	122	122	-	260	2,718
Telephone	718	2,655	3,117	2,503	656	755	1,236	1,139	12,779
Travel and Lodging	1,423	2,078	2,344	1,872	-	1,814	1,058	350	10,939
Utilities	11,183	10,364	16,312	5,814	1,339	4,024	-	3,015	52,051
Vehicle	4,092	656	2,874	10,856	85	-	2,586	1,099	22,248
Depreciation	-	-	-	-	-	-	-	22,510	22,510
Total	<u>\$ 1,475,804</u>	<u>\$ 169,458</u>	<u>\$ 245,789</u>	<u>\$ 161,293</u>	<u>\$ 113,951</u>	<u>\$ 64,078</u>	<u>\$ 280,013</u>	<u>\$ 187,526</u>	<u>\$ 2,697,912</u>

See notes to the financial statements.

GREAT FALLS RESCUE MISSION

GREAT FALLS, MONTANA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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, 2012 and 2011.
- 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 \$1,500 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 \$100,790 and \$103,160, respectively for the years ended September 30, 2012 and 2011.
- 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 2009 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 October 30, 2012, 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 under SFAS 157 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 assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with accounting standards. The investments are measured at fair market value on a recurring basis using quoted prices in active markets for identical assets (level 1 inputs) and consist of the following for 2012 and 2011:

	2012 Fair Market Value	Cost	Unrealized Gain
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><u>\$ 1,445,738</u></u>	<u><u>\$ 1,363,369</u></u>	<u><u>\$ 82,369</u></u>

	2011 Fair Market Value	Cost	Unrealized Gain
Mutual Funds	\$ 198,889	\$ 176,217	\$ 22,672
Equity Securities	13,343	10,466	2,877
Total	<u><u>\$ 212,232</u></u>	<u><u>\$ 186,683</u></u>	<u><u>\$ 25,549</u></u>

NOTE 3: DESIGNATED FOR OPERATING RESERVE:

The Mission has designated \$350,000 for 2012, to be held in reserve when adverse economic conditions occur and contributions decrease.

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are for a construction of a building.