

**NEIGHBORHOOD HOUSING SERVICES, INC.  
OF GREAT FALLS  
d/b/a NEIGHBORWORKS GREAT FALLS**

**GREAT FALLS, MONTANA**

**FINANCIAL STATEMENT  
AS OF  
SEPTEMBER 30, 2009**

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***Douglas Wilson & Company, P.C.***

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	3-4
STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2009.....	5
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2009.....	6
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2009.....	7
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2009.....	8
NOTES TO FINANCIAL STATEMENTS.....	9-14
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2009.....	15
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i> .....	16-17
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	18-19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2009.....	20
SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2009.....	21

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**Douglas WILSON**  
and Company, PC

Board of Directors  
Neighborhood Housing Services, Inc. of Great Falls  
d/b/a NeighborWorks Great Falls  
Great Falls, Montana

Douglas N. Wilson, CPA  
Randal J. Boysun, CPA  
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Michael A. Diekhans, CPA  
Myra L. Bakke, CPA  
Thomas A. Kopp, CPA

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Bruce H. Gaare, CPA  
Dixie L. Swanson, CPA

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Neighborhood Housing Services, Inc. of Great Falls d/b/a NeighborWorks Great Falls (a nonprofit organization) as of September 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 audit provides a reasonable basis for our opinion.

In our opinion, the September 30, 2009 financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Housing Services, Inc. of Great Falls d/b/a NeighborWorks Great Falls as of September 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2010 on our consideration of Neighborhood Housing Services, Inc. of Great Falls d/b/a NeighborWorks Great Falls' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

-3-

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Neighborhood Housing Services, Inc. of Great Falls d/b/a NeighborWorks Great Falls taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Douglas Wihan & Company, P.C.*

Great Falls, Montana  
January 21, 2010

**NEIGHBORHOOD HOUSING SERVICES, INC. OF GREAT FALLS  
d/b/a NEIGHBORWORKS GREAT FALLS**

**GREAT FALLS, MONTANA**

**STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2009**

<b>ASSETS</b>					
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Interfund Eliminations</u>	<u>Total</u>
<b>Current Assets:</b>					
Cash in Bank – Checking	\$ 43,921	\$ 35,257	\$ -	\$ -	\$ 79,178
Cash in Bank – Savings	1,040	372,073	-	-	373,113
Accounts Receivable	153,529	73,706	-	-	227,235
Interfund Receivable	821,147	-	-	(821,147)	-
Pledges Receivable	19,342	57,232	-	-	76,574
Real Estate Property Held for Sale	142,742	1,591,795	-	-	1,734,537
Prepaid Expenses	261	-	-	-	261
Current Portion of Mortgages Receivable	-	51,099	13,498	-	64,597
Total Current Assets	<u>1,181,982</u>	<u>2,181,162</u>	<u>13,498</u>	<u>(821,147)</u>	<u>2,555,495</u>
<b>Property and Equipment, at Cost:</b>					
Land	35,000	21,000	-	-	56,000
Building	540,930	234,828	-	-	775,758
Furniture and Office Equipment	107,432	145,314	-	-	252,746
Less: Accumulated Depreciation	(135,415)	(87,031)	-	-	(222,446)
Total Property and Equipment	<u>547,947</u>	<u>314,111</u>	<u>-</u>	<u>-</u>	<u>862,058</u>
<b>Other Assets:</b>					
Mortgages Receivable – Net of Allowance and Current Portion	-	5,189,057	1,381,426	-	6,570,483
Total Other Assets	<u>-</u>	<u>5,189,057</u>	<u>1,381,426</u>	<u>-</u>	<u>6,570,483</u>
Total Assets	<u><b>\$ 1,729,929</b></u>	<u><b>\$ 7,684,330</b></u>	<u><b>\$ 1,394,924</b></u>	<u><b>\$ (821,147)</b></u>	<u><b>\$ 9,988,036</b></u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ -	\$ 15,716	\$ -	\$ -	\$ 15,716
Accrued Payroll Taxes and Benefits	45,010	-	-	-	45,010
Interfund Payable	-	821,147	-	(821,147)	-
Due to Community Frameworks	-	555,000	-	-	555,000
Mortgage Escrow and Trust Accounts	-	83,707	-	-	83,707
Line of Credit	350,000	-	-	-	350,000
Current Portion of Notes Payable	-	158,250	-	-	158,250
Total Current Liabilities	<u>395,010</u>	<u>1,633,820</u>	<u>-</u>	<u>(821,147)</u>	<u>1,207,683</u>
Deferred Revenue	-	76,415	-	-	76,415
Total Liabilities	<u>395,010</u>	<u>1,710,235</u>	<u>-</u>	<u>(821,147)</u>	<u>1,284,098</u>
Net Assets	<u>1,334,919</u>	<u>5,974,095</u>	<u>1,394,924</u>	<u>-</u>	<u>8,703,938</u>
Total Liabilities and Net Assets	<u><b>\$ 1,729,929</b></u>	<u><b>\$ 7,684,330</b></u>	<u><b>\$ 1,394,924</b></u>	<u><b>\$ (821,147)</b></u>	<u><b>\$ 9,988,036</b></u>

See the accompanying notes to the financial statements.

**NEIGHBORHOOD HOUSING SERVICES, INC. OF GREAT FALLS**  
**d/b/a NEIGHBORWORKS GREAT FALLS**

**GREAT FALLS, MONTANA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, and Other Support				
Grants	\$ 92,500	\$ 999,599	\$ 270,000	\$ 1,362,099
Grant Administration Income	-	16,250	-	16,250
Contributions	98,358	4,175	-	102,533
Interest – Loans	-	36,449	-	36,449
Interest – Deposits	-	5,272	-	5,272
Loan Fees	-	35,259	-	35,259
Service Fees	-	2,397	-	2,397
Development and Design Fees	-	105,233	-	105,233
Rent Income	-	11,340	-	11,340
Contract Income	-	54,311	-	54,311
Lot Sales	22,121	-	-	22,121
Other Income	4,272	32,892	-	37,164
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	1,265,926	(1,265,926)	-	-
Grantor Released Permanent Restriction	1,024,308	-	(1,024,308)	-
Total Revenue, and Other Support	<u>2,507,485</u>	<u>37,251</u>	<u>(754,308)</u>	<u>1,790,428</u>
Expenses				
Program Services	1,173,944	-	-	1,173,944
Management and General	230,465	-	-	230,465
Resource Development	19,055	-	-	19,055
Total Expenses	<u>1,423,464</u>	<u>-</u>	<u>-</u>	<u>1,423,464</u>
Change in Net Assets	<u>1,084,021</u>	<u>37,251</u>	<u>(754,308)</u>	<u>366,964</u>
Net Assets – Beginning of Year	250,898	5,973,249	2,149,232	8,373,379
Prior Period Adjustment	-	(36,405)	-	(36,405)
Net Assets – Beginning of Year, Restated	<u>250,898</u>	<u>5,936,844</u>	<u>2,149,232</u>	<u>8,336,974</u>
Net Assets – End of Year	<u><u>\$ 1,334,919</u></u>	<u><u>\$ 5,974,095</u></u>	<u><u>\$ 1,394,924</u></u>	<u><u>\$ 8,703,938</u></u>

See the accompanying notes to the financial statements.

**NEIGHBORHOOD HOUSING SERVICES, INC. OF GREAT FALLS  
d/b/a NEIGHBORWORKS GREAT FALLS**

**GREAT FALLS, MONTANA**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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Cash Flows From Operating Activities	
Change in Net Assets	\$ 366,964
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities	
Prior Period Adjustment	(36,405)
Depreciation	65,200
Proceeds from Sale of Real Estate Property Held for Sale	1,214,173
Loss on Sales of Real Estate Property Held for Sale	70,040
Purchase of Real Estate Property Held for Sale	(1,623,291)
(Increase) Decrease in:	
Accounts Receivable	(120,846)
Prepaid Expenses	19,214
Increase (Decrease) in:	
Accounts Payable	(174,519)
Accrued Payroll Taxes and Benefits	(513)
Deferred Revenue	(36,250)
Mortgage Escrow Accounts	216,995
Net Cash Used by Operating Activities	<u>(39,238)</u>
Cash Flows from Investing Activities	
Cash Paid for Property and Equipment	(64,841)
Net Increase in Mortgage and Notes Receivable	<u>(455,008)</u>
Net Cash Used by Investing Activities	<u>(519,849)</u>
Cash Flows from Financing Activities	
Proceeds from Issuance of Debt	1,982,292
Payment of Debt	<u>(1,615,946)</u>
Net Cash Provided by Financing Activities	<u>366,346</u>
Net Decrease in Cash	(192,741)
Cash, Beginning of Year	<u>645,032</u>
Cash, End of Year	<u><u>\$ 452,291</u></u>
Supplemental Disclosure of Cash Flow Information:	
Interest Paid	<u><u>\$ 6,999</u></u>

See the accompanying notes to the financial statements.