

**MONTANA HOMEOWNERSHIP NETWORK, INC.
d/b/a NEIGHBORWORKS MONTANA**

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS

AS OF

SEPTEMBER 30, 2009

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Douglas Wilson & Company, P.C.

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Douglas WILSON
and Company, PC

To the Board of Directors
Montana HomeOwnership Network, Inc.
d/b/a NeighborWorks, Montana
Great Falls, Montana

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Montana HomeOwnership Network, Inc. d/b/a NeighborWorks, Montana (a nonprofit corporation) as of September 30, 2009, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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. These 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 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 the 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 financial statements referred to above present fairly, in all material respects, the financial position of Montana HomeOwnership Network, Inc. as of September 30, 2009, and the changes in its net assets and 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 February 4, 2010, on our consideration of Montana HomeOwnership Network, Inc.'s 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Montana HomeOwnership Network, Inc. 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.

Daughter Wihm & Company, P.C.

Great Falls, Montana
February 4, 2010

**MONTANA HOMEOWNERSHIP NETWORK, INC.
d/b/a NEIGHBORWORKS MONTANA**

GREAT FALLS, MONTANA

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

	ASSETS			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Current Assets:				
Cash in Bank – Checking	\$ 214,793	115,599	\$ -	\$ 330,392
Cash in Bank – Savings	5,068	1,828,690	-	1,833,758
Accounts Receivable	1,843	-	-	1,843
Grant Receivable	-	233,150	-	233,150
Mountain Springs Villa Deposits	-	6,166	-	6,166
Notes Receivable	51,995	1,010,689	-	1,062,684
Real Estate Inventory	1,348,413	-	-	1,348,413
Prepaid Expenses	2,576	-	-	2,576
Current Portion of Loans Receivable	-	59,910	40,101	100,011
Total Current Assets	<u>1,624,688</u>	<u>3,254,204</u>	<u>40,101</u>	<u>4,918,993</u>
Property and Equipment, at Cost:				
Furniture and Office Equipment	5,896	-	-	5,896
Less: Accumulated Depreciation	(4,015)	-	-	(4,015)
Total Property and Equipment	<u>1,881</u>	<u>-</u>	<u>-</u>	<u>1,881</u>
Other Assets:				
Cash - Bond Pool Reserve	-	77,818	-	77,818
Cash - Loan Loss Reserve	-	52,345	-	52,345
Cash - MSV Infrastructure Escrow	-	36	-	36
Notes Receivable - Net of Current Portion	-	1,608,552	-	1,608,552
Loans Receivable – Net of Allowance and Current Portion	-	7,414,168	1,026,424	8,440,592
Total Other Assets	<u>-</u>	<u>9,152,919</u>	<u>1,026,424</u>	<u>10,179,343</u>
Total Assets	<u>\$ 1,626,569</u>	<u>\$ 12,407,123</u>	<u>\$ 1,066,525</u>	<u>\$ 15,100,217</u>

LIABILITIES AND NET ASSETS

Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 12,529	\$ 394,156	\$ -	\$ 406,685
Due to Neighborworks Great Falls	81,490	-	-	81,490
Mortgage Escrow and Trust Accounts	-	5,886,872	-	5,886,872
Lines of Credit	-	864,318	-	864,318
Deferred Revenue	-	323,352	-	323,352
Note Payable	-	42,691	-	42,691
Total Current Liabilities	<u>94,019</u>	<u>7,511,389</u>	<u>-</u>	<u>7,605,408</u>
Long-Term Debt:				
NCC Loan Funds	-	2,500,000	-	2,500,000
Notes Payable, Net of Current Portion	-	806,424	-	806,424
Total Liabilities	<u>94,019</u>	<u>10,817,813</u>	<u>-</u>	<u>10,911,832</u>
Net Assets	<u>1,532,550</u>	<u>1,589,310</u>	<u>1,066,525</u>	<u>4,188,385</u>
Total Liabilities and Net Assets	<u>\$ 1,626,569</u>	<u>\$ 12,407,123</u>	<u>\$ 1,066,525</u>	<u>\$ 15,100,217</u>

See the accompanying notes to the financial statements.

MONTANA HOMEOWNERSHIP NETWORK, INC.
d/b/a NEIGHBORWORKS MONTANA

GREAT FALLS, MONTANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
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	\$ 563,544	\$ 1,119,252	\$ 335,000	\$ 2,017,796
Contributions	920	-	-	920
Contributions - Glacier Affordable				
Housing Foundation	232,989	1,127,903	-	1,360,892
Interest – Loans	139,633	-	-	139,633
Interest – Deposits	31,881	-	-	31,881
Loan Fees	116,058	-	-	116,058
Conference Income	2,940	-	-	2,940
Rent Income	65,955	-	-	65,955
Maturity Fees	-	8,935	-	8,935
Contract Income	58,640	134,080	-	192,720
Other Income	934	-	-	934
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	800,860	(800,860)	-	-
Grantor Released Permanent Restriction	851,841	-	(851,841)	-
Total Revenue, and Other Support	<u>2,866,195</u>	<u>1,589,310</u>	<u>(516,841)</u>	<u>3,938,664</u>
Expenses				
Program Services	1,574,255	-	-	1,574,255
Management and General	166,674	-	-	166,674
Resource Development	3,093	-	-	3,093
Total Expenses	<u>1,744,022</u>	<u>-</u>	<u>-</u>	<u>1,744,022</u>
Change in Net Assets	1,122,173	1,589,310	(516,841)	2,194,642
Net Assets - Beginning of Year	<u>410,377</u>	<u>-</u>	<u>1,583,366</u>	<u>1,993,743</u>
Net Assets – End of Year	<u>\$ 1,532,550</u>	<u>\$ 1,589,310</u>	<u>\$ 1,066,525</u>	<u>\$ 4,188,385</u>

See the accompanying notes to the financial statements.

**MONTANA HOMEOWNERSHIP NETWORK, INC.
d/b/a NEIGHBORWORKS MONTANA**

GREAT FALLS, MONTANA

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

Cash Flows from Operating Activities:	\$ 2,194,642
Change in Net Assets	
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities	
Depreciation Expense	1,116
(Increase)/Decrease in:	
Real Estate Inventory	22,264
Receivables	(125,522)
Mountain Springs Villa Deposits	(6,166)
Prepaid Expense	(1,624)
Increase/(Decrease) in:	
Accounts Payable	383,555
Mortgage Escrow and Trust Accounts	92,695
Deferred Revenue	96,480
Net Cash Used by Operating Activities	<u>2,657,440</u>
Cash Flows from Investing Activities:	
Increase in Mortgage and Note Receivable	<u>(3,765,101)</u>
Cash Flows from Financing Activities:	
Proceeds from Line of Credit	605,067
Proceeds from Note Payable	2,554,658
Payment on Line of Credit	(200,885)
Payment on Note Payable	(29,316)
Net Cash Provided by Financing Activities	<u>2,929,524</u>
Net Increase in Cash	1,821,863
Cash – Beginning of Year	<u>472,486</u>
Cash - End of Year	<u><u>\$ 2,294,349</u></u>
Supplemental Disclosure of Cash Flow Information:	
Cash Paid for Interest	<u><u>\$ 81,441</u></u>

See accompanying notes to financial statements.