

**FAMILY PROMISE OF GALLATIN VALLEY, INC.**

**AUDITED FINANCIAL STATEMENTS**

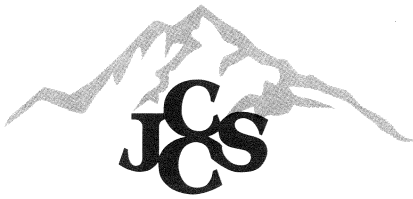
**December 31, 2006 and 2005**

**Prepared by:**

**JUNKERMIER, CLARK, CAMPANELLA, STEVENS, P.C.**  
**Certified Public Accountants and Business Advisors**

**FAMILY PROMISE OF GALLATIN VALLEY, INC.  
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**Junkermier • Clark  
Campanella • Stevens • P.C.**

Certified Public Accountants and Business Advisors

**To the Board of Directors  
Family Promise of Gallatin Valley, Inc.  
Bozeman, MT**

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying statements of financial position of Family Promise of Gallatin Valley, Inc. (a nonprofit organization), as of December 31, 2006 and 2005, and the related statements of activities, cash flows, and functional expenses, for the year ended December 31, 2006. These financial statements are the responsibility of Family Promise of Gallatin Valley, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 the 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 Family Promise of Gallatin Valley, Inc., as of December 31, 2006 and 2005, and the changes in its net assets and cash flows for the year ended December 31, 2006 in conformity with U.S. generally accepted accounting principles.

We have compiled the accompanying statements of activities and cash flows of Family Promise of Gallatin Valley, Inc. for the year ended December 31, 2005 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statements of activities and cash flows and, accordingly, do not express an opinion or any other form of assurance on them.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Bozeman, Montana  
July 1, 2007

**FAMILY PROMISE OF GALLATIN VALLEY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2006 and 2005**

ASSETS

	2006		2005	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
	Totals		Totals	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 80,341	\$ 45,000	\$ 125,341	\$ 50,111
Grants receivable	5,613	-	5,613	-
Prepaid expenses	3,958	-	3,958	-
Interest Receivable	139	-	139	-
Furniture, equipment, and vehicle, net of accumulated depreciation	<u>11,800</u>	<u>-</u>	<u>11,800</u>	<u>6,325</u>
Totals	<u>\$ 101,851</u>	<u>\$ 45,000</u>	<u>\$ 146,851</u>	<u>\$ 56,436</u>

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>				
Accounts payable and payroll taxes	\$ 3,804	\$ -	\$ 3,804	\$ -
Accrued payroll	<u>360</u>	<u>-</u>	<u>360</u>	<u>-</u>
Totals	<u>4,164</u>	<u>-</u>	<u>4,164</u>	<u>-</u>
<b>NET ASSETS</b>				
Unrestricted	97,687	-	97,687	56,436
Temporarily restricted	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Totals	<u>97,687</u>	<u>45,000</u>	<u>142,687</u>	<u>56,436</u>
Totals	<u>\$ 101,851</u>	<u>\$ 45,000</u>	<u>\$ 146,851</u>	<u>\$ 56,436</u>

See the notes to financial statements.

**FAMILY PROMISE OF GALLATIN VALLEY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years ended December 31, 2006 and 2005**

	<b>2006</b>		<b>2005</b>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
<b>SUPPORT</b>	<u>Totals</u>		<u>Totals</u>	
Contributions	\$ 77,532	\$ -	\$ 77,532	\$ -
Grants	57,768	45,550	103,318	-
Investment and interest income	1,644	-	1,644	60
Total Support	<u>136,944</u>	<u>45,550</u>	<u>182,494</u>	<u>60,793</u>
<b>SATISFACTION OF PROGRAM RESTRICTIONS</b>	<u>550</u>	<u>(550)</u>	<u>-</u>	<u>-</u>
Total support and satisfaction of program restrictions	<u>137,494</u>	<u>45,000</u>	<u>182,494</u>	<u>60,793</u>
<b>EXPENSES</b>				
Supporting services				
General and administrative	12,741	-	12,741	1,186
Fundraising	3,800	-	3,800	37
Program services	78,537	-	78,537	3,134
Loss on disposal of assets	1,165	-	1,165	-
Total Expenses	<u>96,243</u>	<u>-</u>	<u>96,243</u>	<u>4,357</u>
<b>CHANGE IN NET ASSETS</b>	41,251	45,000	86,251	-
Net assets at beginning of year	<u>56,436</u>	<u>-</u>	<u>56,436</u>	<u>-</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 97,687</u>	<u>\$ 45,000</u>	<u>\$ 142,687</u>	<u>\$ 56,436</u>

See the notes to the financial statements and the accompanying 2005 accountants' compilation report.

**FAMILY PROMISE OF GALLATIN VALLEY, INC.  
STATEMENTS OF CASH FLOWS**

	<b>Years ended December 31</b>	
	<b>2006</b>	<b>2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 86,251	\$ 56,436
Adjustments to reconcile change in net assets to cash provided by operating activities:		
In kind contribution of assets	(1,700)	(2,180)
Depreciation	3,966	1,366
Realized loss on disposal of assets	1,165	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(5,613)	-
Interest receivable	(139)	-
Prepaid expenses	(3,957)	-
Increase (decrease) in:		
Accounts payable	3,724	-
Accrued liabilities	439	-
Net cash provided by operating activities	<u>84,136</u>	<u>55,622</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	1,400	-
Purchases of property and equipment	(10,306)	(5,511)
Net cash used by investing activities	<u>(8,906)</u>	<u>(5,511)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	75,230	50,111
Cash and cash equivalents at beginning of year	50,111	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 125,341</u>	<u>\$ 50,111</u>

See the notes to the financial statements and the accompanying 2005 accountants' compilation report.

**FAMILY PROMISE OF GALLATIN VALLEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended December 31, 2006**

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries and bonuses	\$ 38,848	\$ 1,619	\$ 1,619	\$ 42,086
Workers compensation insurance	1,410	24	24	1,458
Payroll taxes	3,542	152	152	3,846
Employee benefits	2,858	159	159	3,176
Employee background check	-	50	-	50
Contracted services	-	554	418	972
Professional fees	-	475	-	475
Vista volunteer	-	1,250	-	1,250
Supplies	2,289	1,630	-	3,919
Telephone	791	566	-	1,357
Postage and shipping	72	309	677	1,058
Guest expenses	7,030	220	-	7,250
Occupancy	11,794	331	-	12,125
Payment to affiliates	-	1,217	-	1,217
Printing and publications	3,142	154	475	3,771
Books and reference	551	170	-	721
Travel	662	134	-	796
Conferences and meetings	97	866	82	1,045
Automobile	251	-	-	251
Depreciation	3,966	-	-	3,966
Insurance	755	1,208	-	1,963
Taxes and licenses	75	15	-	90
Subscriptions and dues	-	65	-	65
Rent	-	72	-	72
Office Supplies	404	1,501	69	1,974
Miscellaneous	-	-	125	125
Total expenses	<u>\$ 78,537</u>	<u>\$ 12,741</u>	<u>\$ 3,800</u>	<u>\$ 95,078</u>

See the notes to the financial statements.

**FAMILY PROMISE OF GALLATIN VALLEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended December 31, 2005**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Workers compensation	\$ 573	-	-	\$ 573
Supplies	-	14	-	14
Postage and shipping	-	53	37	90
Guest expenses	292	-	-	292
Printing and publications	20	-	-	20
Books and reference	-	96	-	96
Depreciation	1,366	-	-	1,366
Advertising	-	205	-	205
Insurance	854	-	-	854
Taxes and licenses	29	525	-	554
Subscriptions and dues	-	50	-	50
Rent	-	70	-	70
Office supplies	-	173	-	173
Total expenses	<u>\$ 3,134</u>	<u>\$ 1,186</u>	<u>\$ 37</u>	<u>\$ 4,357</u>

See the notes to the financial statements and the accompanying 2005 accountants' compilation report.

**FAMILY PROMISE OF GALLATIN VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2006 and 2005**

**1. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES**

**Nature of Organization:**

Family Promise of Gallatin Valley, Inc. (FPGV) is a non-profit network of diverse faith organizations working together to help Gallatin Valley's homeless families with children. FPGV receives support from individual contributions, grants, pledges, and congregation donations. The primary purposes of the organization are to provide shelter and meals and assist each family in finding and implementing lasting solutions to their unique situation. Based on a national program, FPGV is over 80% successful, getting families into stable housing and effective employment. Since FPGV's activities are primarily in Gallatin County area, they are subject to the general economic conditions of Gallatin County.

**Basis of Accounting:**

FPGV's books are maintained on an accrual basis of accounting. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Accounting 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.

**Cash and Cash Equivalents:**

The board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, including those investments that are designated as temporarily restricted.

**Property and Equipment:**

Property and equipment purchases in excess of \$350 are capitalized. Purchased property and equipment is capitalized at cost. Depreciation is computed using the double-declining balance method.

**Functional Expenses:**

Expenses are charged directly to the program, to fundraising, or to general and administrative based on specific identification. Indirect expenses are allocated.

**Investments:**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Income Taxes:**

FPGV qualifies as a tax-exempt non-profit organization under Section 501(c)(3) of the Internal Revenue Service Code and, therefore, has no provision for federal or state income tax.

**FAMILY PROMISE OF GALLATIN VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2006 and 2005**

**2. ACCOUNTS RECEIVABLE**

	<b>2006</b>	<b>2005</b>
	<b>Grants Receivable</b>	<b>Grants Receivable</b>
Less than one year	\$ 5,613	\$ -
1-5 years	-	-
More than 5 years	-	-
Total receivables	5,613	-
Less allowance	-	-
Net receivables	\$ 5,613	\$ -

**3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<b>2006</b>	<b>2005</b>
2007 program expenses	\$ 45,000	\$ -
	\$ 45,000	\$ -

**4. INVESTMENTS**

Investments as of December 31, 2006 and December 31, 2005 are stated at fair value and consist primarily of money market accounts.

	<b>2006</b>		<b>2005</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Money market accounts	\$ 117,910	\$ 117,910	\$ -	\$ -
Less: cash & cash equivalents	(117,910)	(117,910)	-	-
	\$ -	\$ -	\$ -	\$ -

Investment return is summarized as follows:

	<b>2006</b>	<b>2005</b>
Interest income	\$ 1,644	\$ 60
Net realized and unrealized gain	-	-
Total investment income	\$ 1,644	\$ 60

**FAMILY PROMISE OF GALLATIN VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2006 and 2005**

**5. DONATED SERVICES, MATERIALS, AND FACILITIES**

The value of donated services are not reflected in the accompanying financial statements since there is no objective basis available for measuring the value of such services.

**6. FIXED ASSETS**

Fixed assets consist of the following:

	<u>2006</u>	<u>2005</u>
Furniture and equipment	\$ 7,925	\$ 5,511
Vehicles	8,000	2,180
Less: Accumulated depreciation	<u>(4,125)</u>	<u>(1,366)</u>
	<u>\$ 11,800</u>	<u>\$ 6,325</u>

**7. OCCUPANCY**

The organization leases a house from Saint James Episcopal Church on a rent-free basis except for operating expenses, which are paid on a monthly basis. The term of the lease is from December 1, 2005 through November 30, 2007.