

*The Salt Lake City Mission  
Audited Financial Statements  
For the Fiscal Year Ended  
September 30, 2009 and September 30, 2008*

# The Salt Lake City Mission

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**INDEPENDENT AUDITOR'S REPORT**

November 09, 2009

To the Board of Trustees of  
The Salt Lake City Mission

We have audited the accompanying statement of financial position of the Salt Lake City Mission (a church, non-profit organization) as of September 30, 2009 and September 30, 2008 and the related statements of activities, functional expenses and cash flows for the years ended September 30, 2009 and September 30, 2008. These financial statements are the responsibility of the Salt Lake City Mission management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of 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 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 the Salt Lake City Mission as of September 30, 2009 and September 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles of the United States of America.

Dante Lee Montoya, CPA  
Certified Public Accountant  
Business/Tax Consultant Advisor

**The Salt Lake City Mission**  
**STATEMENT OF FINANCIAL POSITION**  
**As of September 30, 2009 and September 30, 2008**

|                                   | 9/30/2009  | 9/30/2008  |
|-----------------------------------|------------|------------|
| <b>ASSETS</b>                     |            |            |
| Current Assets                    |            |            |
| Cash and Cash Equivalents         | \$ 1,415   | \$ (888)   |
| Accounts Notes Receivable         | 814        | 1,880      |
| Marketable Securities             | 500        | 500        |
| Prepaid Expenses                  | 1,095      | 1,095      |
| Inventories                       | 215,892    | 203,879    |
| Total Current Assets              | 219,716    | 206,466    |
| Fixed Assets                      |            |            |
| Furniture and Fixtures            | 69,712     | 69,712     |
| Vehicles                          | 136,320    | 130,603    |
| Ranch Equipment                   | 103,809    | 102,810    |
| Ranch Land and Improvements       | 520,044    | 520,044    |
| Less: Accumulated Depreciation    | (212,841)  | (208,881)  |
| Net Fixed Assets                  | 617,044    | 614,288    |
| Total Assets                      | \$ 836,760 | \$ 820,754 |
| <b>LIABILITIES AND NET ASSETS</b> |            |            |
| Current Liabilities               |            |            |
| Accounts Payable                  | \$ 45,645  | \$ 34,233  |
| Accrued Liabilities               | 24,338     | 23,006     |
| Bank Line of Credit               | 98,659     | 99,482     |
| Current Portion of Long-Term Debt | 38,777     | 38,653     |
| Total Current Liabilities         | 207,419    | 195,374    |
| Long-Term Bank Notes and Debt     | 263,707    | 261,074    |
| Total Liabilities                 | 471,126    | 456,448    |
| Net Assets                        |            |            |
| Unrestricted                      | 365,634    | 364,306    |
| Temporarily Restricted            | -          | -          |
| Permanently Restricted            | -          | -          |
| Total Net Assets                  | 365,634    | 364,306    |
| Total Liabilities and Net Assets  | \$ 836,760 | \$ 820,754 |

The accompanying notes are an integral part of the financial statements.

## The Salt Lake City Mission

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

**For the Fiscal Year Twelve Months Ended September 30, 2009 and September 30, 2008**

|  | Twelve Months ended |            |
|--|---------------------|------------|
|  | 9/30/2009           | 9/30/2008  |
| <i>Unrestricted Support Revenues:</i>                  |                     |            |
| Cash Contributions                                     | \$ 838,995          | \$ 893,744 |
| In-Kind Donations of Food, Clothing and Services       | 923,200             | 448,022    |
| Total Cash and In-Kind Contributions                   | 1,762,195           | 1,341,766  |
| Other Program Income                                   | 1,674               | 10,667     |
| Total Support Revenues                                 | 1,763,869           | 1,352,433  |
| <br><i>Program Service Expenses:</i>                   |                     |            |
| Mission Outreach Ministries                            | 856,647             | 183,681    |
| Mission Literacy Education Ministries                  | 17,701              | 17,356     |
| Mission Food and Clothing Ministries                   | 291,611             | 411,490    |
| Mission Transitional Housing Ministries                | 95,817              | 109,174    |
| Ranch Work Ministries                                  | 163,818             | 182,325    |
| Total Program Services                                 | 1,425,594           | 904,026    |
| <br><i>Supporting Activity Expenses:</i>               |                     |            |
| General and Administrative                             | 51,138              | 52,569     |
| Development and Fund Raising                           | 285,809             | 393,195    |
| Total Supporting Activities                            | 336,947             | 445,764    |
| Total Expenses   | 1,762,541           | 1,349,790  |
| <i>Net Change in Unrestricted Net Assets</i>           | 1,328               | 2,643      |
| <i>Net Change in Temporarily Restricted Net Assets</i> | -                   | -          |
| <i>Net Change in Permanently Restricted Net Assets</i> | -                   | -          |
| Net Assets, Beginning of Year                          | 364,306             | 361,663    |
| Net Assets, End of Year                                | \$ 365,634          | \$ 364,306 |

The accompanying notes are an integral part of the financial statements.

**The Salt Lake City Mission**  
**STATEMENT OF CASH FLOWS**

**For the Fiscal Year Twelve Months Ended September 30, 2009 and September 30, 2008**

|  | Twelve Months ended |           |
|--|---------------------|-----------|
|  | 9/30/2009           | 9/30/2008 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |           |
| Increase (Decrease) in Net Assets  | \$ 1,328            | \$ 2,643  |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities: |                     |           |
| Decrease (Increase) in Inventories   | (12,013)            | (20,002)  |
| Decrease (Increase) in Prepaid Expenses  | -                   | -         |
| Decrease (Increase) in Accounts Notes Receivable   | 1,066               | (1,499)   |
| Depreciation   | 26,460              | 24,490    |
| Increase (Decrease) in Accounts Payable  | 11,412              | 14,209    |
| Increase (Decrease) in Accrued Liabilities   | 1,332               | (3,098)   |
| <i>Net Cash provided by Operating Activities</i>   | 29,585              | 16,743    |
| <br><b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>                                  |                     |           |
| Investment in Vehicle and Assets   | (29,216)            | (6,550)   |
| <i>Net Cash used by Investing Activities</i>   | (29,216)            | (6,550)   |
| <br><b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>                                  |                     |           |
| Payment on Long-Term Debt  | (32,367)            | (10,690)  |
| Increase in Long-Term Borrowings   | 35,000              | 6,550     |
| Net (Decrease) Increase in Short-Term Borrowings and Current Maturities                        | (699)               | (7,140)   |
| <i>Net Cash provided by Financing Activities</i>   | 1,934               | (11,280)  |
| <br>Net Increase in Cash and Equivalents   | 2,303               | (1,087)   |
| <br>Cash and Equivalents, Beginning of Year  | (888)               | 199       |
| Cash and Equivalents, End of Year  | \$ 1,415            | \$ (888)  |

The accompanying notes are an integral part of the financial statements.

**The Salt Lake City Mission**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Fiscal Year Ended September 30, 2009**  
(With Comparative Totals for the Prior Fiscal Year Ended September 30, 2008)

| Type of Expenses   | Program Services Ministries |                               |                       |                              |                                 |                           | Supporting Activities Ministries      |                                |                             | Years Ended              |                    |
|--|-----------------------------|-------------------------------|-----------------------|------------------------------|---------------------------------|---------------------------|---------------------------------------|--------------------------------|-----------------------------|--------------------------|--------------------|
|  | Mission Outreach Ministries | Literacy Education Ministries | Ranch Work Ministries | Food and Clothing Ministries | Transitional Housing Ministries | Total Services Ministries | General and Administrative Ministries | Funding Development Ministries | Total Supporting Ministries | 9/30/2009                | 9/30/2008          |
|  |                             |                               |                       |                              |                                 |                           |                                       |                                |                             | Total Mission Ministries |                    |
| Salaries and Benefits                                      | \$ 96,226                   | \$ 11,437                     | \$ 84,262             | \$ 32,723                    | \$ 53,899                       | \$278,547                 | \$33,061                              | \$14,075                       | \$47,136                    | \$325,683                | \$306,831          |
| Mission Occupancy Expenses                                 | 20,213                      | 2,382                         | 17,558                | 6,874                        | 11,229                          | \$58,256                  | 6,874                                 | 2,926                          | \$9,800                     | 68,056                   | 68,048             |
| Mission Specific Assistance to Clients                     | 707,262                     | -                             | -                     | 240,811                      | -                               | \$948,073                 | -                                     | -                              | -                           | 948,073                  | 393,756            |
| Office and Administrative Expenses                         | 11,882                      | 1,400                         | 10,322                | 4,041                        | 6,601                           | \$34,246                  | 4,041                                 | 1,720                          | \$5,761                     | 40,007                   | 41,185             |
| Professional Services                                      | 3,556                       | 419                           | 3,089                 | 1,209                        | 1,976                           | \$10,249                  | 1,209                                 | 515                            | \$1,724                     | 11,973                   | 92,373             |
| Public Awareness Radio/Newspaper                           | -                           | -                             | -                     | -                            | -                               | -                         | -                                     | 28,965                         | \$28,965                    | 28,965                   | 38,782             |
| Donations to Other Ministries                              | -                           | -                             | -                     | -                            | -                               | -                         | -                                     | 3,676                          | \$3,676                     | 3,676                    | 3,200              |
| Depreciation   | 7,859                       | 926                           | 6,827                 | 2,672                        | 4,366                           | \$22,650                  | 2,672                                 | 1,138                          | \$3,810                     | 26,460                   | 24,490             |
| Mission Development  | -                           | -                             | -                     | -                            | -                               | -                         | -                                     | 231,397                        | \$231,397                   | 231,397                  | 317,099            |
| Vehicle Expenses   | 8,206                       | 967                           | 7,128                 | 2,790                        | 4,559                           | \$23,650                  | 2,790                                 | 1,188                          | \$3,978                     | 27,628                   | 25,300             |
| Travel Expenses  | 1,055                       | 124                           | 917                   | 359                          | 586                             | \$3,041                   | 359                                   | 153                            | \$512                       | 3,553                    | 1,738              |
| Housing Program Expenses                                   | -                           | -                             | -                     | -                            | 12,385                          | \$12,385                  | -                                     | -                              | -                           | 12,385                   | 9,510              |
| Meeting Expenses   | 388                         | 46                            | 338                   | 132                          | 216                             | \$1,120                   | 132                                   | 56                             | \$188                       | 1,308                    | 263                |
| Ranch Property Expenses                                    | -                           | -                             | 33,377                | -                            | -                               | \$33,377                  | -                                     | -                              | -                           | 33,377                   | 27,215             |
| <b>Total Fiscal Year Ended 09/30/2009</b>                  | <b>\$856,647</b>            | <b>\$17,701</b>               | <b>\$163,818</b>      | <b>\$291,611</b>             | <b>\$95,817</b>                 | <b>\$1,425,594</b>        | <b>\$51,138</b>                       | <b>\$285,809</b>               | <b>\$336,947</b>            | <b>\$1,762,541</b>       |                    |
| <b>Percent of Total Fiscal Year Ended 09/30/2009</b>       | <b>48.6%</b>                | <b>1.0%</b>                   | <b>9.3%</b>           | <b>16.5%</b>                 | <b>5.4%</b>                     | <b>80.9%</b>              | <b>2.9%</b>                           | <b>16.2%</b>                   | <b>19.1%</b>                | <b>100.0%</b>            |                    |
| <b>Total Fiscal Prior Year Ended 09/30/2008</b>            | <b>\$183,681</b>            | <b>\$17,356</b>               | <b>\$182,325</b>      | <b>\$411,490</b>             | <b>\$109,174</b>                | <b>\$904,026</b>          | <b>\$52,569</b>                       | <b>\$393,195</b>               | <b>\$445,764</b>            |                          | <b>\$1,349,790</b> |
| <b>Percent of Total Prior Fiscal Year Ended 09/30/2008</b> | <b>18.1%</b>                | <b>2.4%</b>                   | <b>10.5%</b>          | <b>40.1%</b>                 | <b>2.8%</b>                     | <b>73.9%</b>              | <b>4.2%</b>                           | <b>22.0%</b>                   | <b>26.1%</b>                |                          | <b>100.0%</b>      |

The accompanying notes are an integral part of the financial statements.

**The Salt Lake City Mission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended September 30, 2009 and September 30, 2008**

**Note 1: Nature of the Organization:**

The Spectacular Ministries of the Lords' Servants was approved by the Utah Division of Corporations Department of Business Regulation as a Utah Corporation on April 16, 1986.

The Spectacular Ministries of the Lords' Servants founded the Salt Lake City Mission (SLC Mission) in 1994 as a Non-Denominational Christian Mission Church that serves the entire Salt Lake Valley community. As a Church the SLC Mission is recognized by the Internal Revenue Service (IRS) as a 501 (c) (3) tax-exempt organization. The SLC Mission is part of the Association of Gospel Rescue Missions (a 297 plus member organization).

The SLC Mission is a non-profit organization, which operates an inner city rescue mission and ministry. The SLC Mission ministers in Salt Lake City to men, women and children confronting homelessness, poverty, and substance dependencies. The SLC Mission provides hot meals and a food pantry, emergency shelter, clothing, blankets, sleeping bags, hygiene items, crisis intervention and counseling, literacy education, job placement and rehabilitation programs to the destitute homeless men, women and children of the Salt Lake Valley. The SLC Mission also interfaces and coordinates its efforts and resources with other Salt Lake Valley organizations and citizens to achieve the maximum help and results for the homeless citizens it serves.

**Note 2: Summary of Significant Accounting Policies and Basis of Financial Statement Presentation:**

The significant accounting policies and basis of financial statement presentation enhance the usefulness and provide full disclosure of the organization's financial results to the informed reader of the financial statements.

**Basis of Accounting**

The SLC Mission follows the requirements of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-For Profit Organizations*. Under FASB Statement No. 117, the SLC Mission is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The accounts of the SLC Mission are maintained on the accrual basis in accordance with the principles of fund accounting.

**The Salt Lake City Mission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended September 30, 2009 and September 30, 2008**

**Note 2: Summary of Significant Accounting Policies and Basis of Financial Statement Presentation: (continued)**

**Cash and Cash Equivalents**

Cash includes checking, savings and money market deposits in interest and non-interest bearing accounts with financial institutions.

**Marketable Securities**

Marketable Securities include marketable equity stock securities. These investment securities are recorded at the lower of cost or fair market value at the statement of financial position date. At September 30, 2009 and September 30, 2008 the cost of the equity securities approximated fair market value. The securities were received as a donation.

**Inventories**

Inventories include donated items such as food, new and used clothing and personal hygiene items used in the operations of the SLC Mission's programs. Inventories also include gift-in-kind inventory, which at September 30, 2009 and September 30, 2008 includes \$24,299 and \$13,750, respectively of items held for resale. When sold the proceeds are utilized for operating expenses of the SLC Mission. The value of inventory is recorded at its estimated fair value at the date of donation using a nationally accepted computer software database of approximate valuations.

**Land, Buildings and Equipment**

Land, buildings and equipment are recorded at cost when purchased or, if donated, at estimated fair value at the date of receipt. Depreciation is provided using the straight-line method over the following estimated useful life of the SLC Mission's fixed assets:

|   |               |
|---|---------------|
| Buildings and Leasehold Improvements        | 10 - 39 years |
| Machinery/equipment, Furniture and fixtures | 5 - 10 years  |
| Vehicles                                    | 3 - 5 years   |

Depreciation expense for years ended September 30, 2009 and September 30, 2008 was \$26,460 and \$24,490, respectively.

The SLC Mission reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets and support.

**The Salt Lake City Mission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended September 30, 2009 and September 30, 2008**

**Note 2: Summary of Significant Accounting Policies and Basis of Financial Statement Presentation: (continued)**

**Contributions**

Donation income is recorded when received or ownership of donated assets is transferred to the SLC Mission. Donor restricted contributions are recorded as revenue in the temporarily restricted class of net assets until the funds have been expended by the SLC Mission for the purposes specified by the donor. Donated materials, including gifts-in-kind, are recorded at estimated fair value. Donations of marketable securities are recorded at market value on the date of receipt into the brokerage account of the SLC Mission. The SLC Mission records income and expense for contributed professional services at the fair market standard hourly rate for the number of hours contributed by the professional services firm. Donations of food, clothing and other consumables in excess of the requirements of the SLC Mission's clients are distributed or traded with other relief organizations to avoid waste. Certain donated items are held for resale and the proceeds of which go to offset program expense.

**Functional Expense Allocation**

The full cost of providing various program services and supporting activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs, such as depreciation, salaries and benefits, occupancy and office costs have been allocated among the services and supporting activities benefited based upon management estimates.

During the fiscal years ended September 30, 2009 and September 30, 2008 the SLC Mission incurred allocable costs of \$285,809 and \$393,195, respectively, for information materials and funding development expenses. These materials included brochures, direct mail letters and radio advertisement. Development activities continue at a significant level to increase public awareness of the SLC Mission and the base of donors, who regularly contribute. The increased SLC Mission Funding Development increased to offset the economic downturn and political messages during fiscal year 2009.

**Note 3: Capital Assets**

Capital Assets at September 30, 2009 and September 30, 2008 are summarized as follows:

|                                | <u>09/30/2009</u> | <u>09/30/2008</u> |
|--------------------------------|-------------------|-------------------|
| Ranch Land and Improvements    | \$ 520,044        | \$ 520,044        |
| Ranch Equipment                | 103,810           | 102,810           |
| Furniture and Fixtures         | 69,712            | 69,712            |
| Vehicles                       | <u>136,319</u>    | <u>130,603</u>    |
| Total Capital Assets           | 829,885           | 823,169           |
| Less: Accumulated Depreciation | <u>(212,841)</u>  | <u>(208,881)</u>  |
| Total Net Capital Assets       | <u>\$ 617,044</u> | <u>\$ 614,288</u> |

**The Salt Lake City Mission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended September 30, 2009 and September 30, 2008**

**Note 4: Gift In-Kind Program**

The SLC Mission operates a substantial gift in-kind program. Gift in-kind donations and distributions for the fiscal years ended September 30, 2009 and September 30, 2008 are presented below:

| Description Fiscal Year<br>September 30, 2008 | Beginning Book<br>Values | Add:<br>Contributions | Subtract:<br>Distributions/Transfers | Ending<br>Book<br>Values |
|---|--------------------------|-----------------------|--------------------------------------|--------------------------|
| Marketable Securities                         | \$ 500                   | \$ 0                  | \$ 0                                 | \$ 500                   |
| Food, Clothing and<br>Other Inventory Items   | 203,879                  | 923,200               | 911,186                              | 215,893                  |
| Legal Services                                | 0                        | 0                     | 0                                    | 0                        |
| <b>Totals</b>                                 | <b>\$204,379</b>         | <b>\$923,200</b>      | <b>\$911,186</b>                     | <b>\$216,393</b>         |

| Description Fiscal Year<br>September 30, 2007 | Beginning Book<br>Values | Add:<br>Contributions | Subtract:<br>Distributions/Transfers | Ending<br>Book<br>Values |
|---|--------------------------|-----------------------|--------------------------------------|--------------------------|
| Marketable Securities                         | \$ 500                   | \$ 0                  | \$ 0                                 | \$ 500                   |
| Food, Clothing and<br>Other Inventory Items   | 183,877                  | 368,022               | 348,020                              | 203,879                  |
| Legal Services                                | 0                        | 80,000                | 80,000                               | 0                        |
| <b>Totals</b>                                 | <b>\$184,377</b>         | <b>\$448,022</b>      | <b>\$428,020</b>                     | <b>\$204,379</b>         |

Gift-In-Kind distributions include SLC Mission specific assistance to clients, professional service expenses and marketable securities sales, losses, decline in market value which is less than recorded basis.

The food, clothing and other inventory at September 30, 2009 and September 30, 2008 includes \$24,299 and \$13,750, respectively of inventory items held for resale, which will be utilized for asset conversion to cash to meet the operational requirements of the SLC Mission.

**The Salt Lake City Mission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended September 30, 2009 and September 30, 2008**

**Note 5: Long-Term Debt**

Long-Term Debt consists of Notes Payable and Capital Leases, which were used to purchase ranch property and certain fixed assets used in the SLC Mission programs at September 30, 2009 and September 30, 2008, are as follows:

|                          | <u>09/30/2009</u> | <u>09/30/2008</u> |
|--------------------------|-------------------|-------------------|
| Bank Notes Payable       | \$254,698         | \$246,184         |
| Vendor Notes Payable     | <u>47,786</u>     | <u>53,543</u>     |
| Total Long-Term Debt     | \$302,484         | \$299,727         |
| Less: Current Maturities | <u>38,777</u>     | <u>38,653</u>     |
| Long-Term Notes and Debt | <u>\$263,707</u>  | <u>\$261,074</u>  |

The maturities of long-term debt for each of the succeeding five years subsequent to September 30, 2009 are as follows: 2011 - \$31,432; 2012 - \$24,242; 2013 - \$24,169; 2014 - \$25,457; 2015 - \$22,566 and thereafter \$135,841. Interest expense paid during the fiscal year ended September 30, 2009 and September 30, 2008 was \$23,172 and \$23,240, respectively.

Notes Payables on September 30, 2009 and September 30, 2008 are as follows:

|  | <u>09/30/2009</u> | <u>09/30/2008</u> |
|--|-------------------|-------------------|
| Note payable to Wells Fargo Bank   | \$ 93,970         | \$101,369         |
| The bank note to Wells Fargo Bank includes fixed interest at 6.0% and is due in annual installments of \$14,939.97 on December 15, maturing December 15, 2018. The note is secured by Ranch Land and Improvements.   |                   |                   |
| Note payable to Wells Fargo Bank   | \$102,598         | \$109,373         |
| The bank note to Wells Fargo Bank includes variable interest at 6.98%, adjustable every five years with the next adjustment date of December 15, 2009 to the United States Treasury Index ("TCM") plus 3%, due in annual installments of \$14,939.97 on December 15, maturing December 15, 2018 and a prepayment penalty of 5% to 1% for every year before the next adjustment date. The note is secured by Ranch Land and Improvements. |                   |                   |
| Note payable to Strategic Consulting   | \$ 47,786         | \$ 53,543         |
| Unsecured vendor long-term payment arrangement to Strategic Consulting that includes fixed interest at 2.0% and is due in annual installments of not less than \$12,000 by December 2006, and the balance of \$12,000 by December of each year thereafter until paid in full.  |                   |                   |
| Note payable to John Deere Credit Corporation  | \$ 16,225         | \$ 23,716         |
| Equipment Note to John Deere Credit Corporation includes fixed interest at 6.35% and is due in annual installments of \$8,898.90 on November 20, maturing November 20, 2010. The note is secured with 2-tractors, swather, baler, disk and combine ranch equipment.  |                   |                   |

**The Salt Lake City Mission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended September 30, 2009 and September 30, 2008**

| <b>Note 5:</b> | <b>Long-Term Debt (continued)</b>   | <b><u>09/30/2006</u></b> | <b><u>09/30/2005</u></b> |
|----------------|---|--------------------------|--------------------------|
|                | Note payable to American First Credit Union #1  | \$ 7,583                 | \$ 9,434                 |
|                | Vehicle loan to American First Credit Union includes fixed interest at 5.24% and is due in monthly installments of \$199.00, maturing on May 10, 2013. The note is secured with a 1995 Ford F-350 ranch vehicle.        |                          |                          |
|                | Note payable to JP Morgan Chase Bank  | \$ 0                     | \$ 2,292                 |
|                | Vehicle loan to JP Morgan Chase Bank includes fixed interest at 4.99% and is due in monthly installments of \$236.74, maturing on July 10, 2009. The note is secured with a 2001 Jeep Cherokee ranch vehicle.           |                          |                          |
|                | Note payable to American First Credit Union #2  | \$ 34,322                | \$ 0                     |
|                | Vehicle loan to American First Credit Union includes fixed interest at 7.490% and is due in monthly installments of \$539.00, maturing on September 25, 2013. The note is secured with a 2009 Jeep Utility 4WD vehicle. |                          |                          |

**Note 7: Non-operating Losses**

The SLC Mission received gift in kind marketable common stock securities of \$200,000 during the year ended September 30, 2002. Certain marketable common stock securities have investment community imposed restrictions, which limit the timing of the sale of the marketable common stock securities. The common stock securities have been written down to a nominal market value of \$500 and \$500, respectively as of September 30, 2009 and September 30, 2008

**Note 9: Contingencies**

The SLC Mission has no recognized contingent liabilities, uncertain financial transactions, financial guarantees or pending litigation matters which would result in any additional liabilities.

**Note 10: Federal Income Tax**

The SLC Mission is a church and as such is recognized as a 501 (c) (3) not-for-profit corporation as defined by the IRS. The SLC Mission has not had any unrelated business taxable income and has not owed Federal income tax.

**The Salt Lake City Mission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended September 30, 2009 and September 30, 2008**

**Note 11: State Income, Sales, Franchise and Local Property Taxes**

The SLC Mission is a church and as such has received an exemption from the State of Utah Tax Commission for Utah State sales, use and franchise taxes.

**Note 12: Conflict-of-Interest Policy**

It is the policy of the SLC Mission that all officers, directors and committee members shall avoid any conflict between their own individual interests and the interests of the SLC Mission. The SLC Mission has a conflict-of-interest policy whereby board and committee members must advise the board of any direct or indirect interest in any transaction or relationship with the SLC Mission and do not participate in discussions and decisions regarding any action affecting their individual, professional or business interests.

**Note 13: Related Parties**

The governing powers of the SLC Mission are vested in the Board of Trustees and they govern over all the affairs of the SLC Mission. The Administrative staff oversees on premises, the day-to-day operations and delegate authority to agents and volunteers as needed for the safe, effective and efficient operation of the SLC Mission.

The SLC Mission Board of Trustees is served by the Pastor and Assistant Pastor of the SLC Mission. The Pastor and Assistant Pastor also serve as the Executive Director (Officer) and Assistant Executive Director (Officer) of the SLC Mission, respectively.

**Note 14: Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the relevant period. Actual results could differ from the estimates.