

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Totals for the Year Ended December 31, 2014)

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES

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Independent Auditor's Report

Board of Directors
Milwaukee Christian Center, Inc. and Affiliates

Report on the Financial Statements

We have audited the accompanying financial statements of Milwaukee Christian Center, Inc. and Affiliates which comprise the balance sheet as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair representation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Christian Center, Inc. and Affiliates as of December 31, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Board of Directors
Milwaukee Christian Center, Inc. and Affiliates

Report on Summarized Comparative Information

We have previously audited Milwaukee Christian Center, Inc. and Affiliates' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of unrestricted functional revenue and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 21, 2016

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
BALANCE SHEET
DECEMBER 31, 2015
(With Summarized Totals for December 31, 2014)

ASSETS		2015	2014
CURRENT ASSETS			
Cash and Cash Equivalents	\$	420,528	\$ 405,528
Accounts Receivable		16,114	35,716
Grants Receivable		531,456	471,956
Prepaid Expenses		49,629	76,976
Inventory - Supplies		604	5,155
Total Current Assets	\$	<u>1,018,331</u>	<u>\$ 995,331</u>
FIXED ASSETS			
Land	\$	65,500	\$ 82,148
Buildings		792,843	868,278
Office Equipment		89,205	93,293
Vehicles		46,548	46,548
Less: Accumulated Depreciation		(163,246)	(180,291)
Net Fixed Assets	\$	<u>830,850</u>	<u>\$ 909,976</u>
OTHER ASSETS			
Properties Held for Resale - In Process	\$	559,641	\$ 627,896
Total Other Assets	\$	<u>559,641</u>	<u>\$ 627,896</u>
TOTAL ASSETS	\$	<u><u>2,408,822</u></u>	<u><u>\$ 2,533,203</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$	20,159	\$ 83,718
Accrued Payroll and Payroll Taxes		146,270	132,443
Refundable Advance - Grant		20,880	22,980
Security Deposit		---	1,495
Lines of Credit		100,000	---
Deferred HOME Revenue		461,483	462,017
Bank Construction Loans		46,707	91,862
Current Portion of Mortgage Payable		28,329	30,103
Current Portion of Capital Lease		1,387	1,259
Total Current Liabilities	\$	<u>825,215</u>	<u>\$ 825,877</u>
LONG-TERM LIABILITIES			
Mortgages Payable	\$	577,195	\$ 653,429
Capital Lease Payable		5,651	6,910
Less: Current Portion of Mortgages Payable		(28,329)	(30,103)
Less: Current Portion of Capital Lease		(1,387)	(1,259)
Total Long-Term Liabilities	\$	<u>553,130</u>	<u>\$ 628,977</u>
Total Liabilities	\$	<u>1,378,345</u>	<u>\$ 1,454,854</u>
NET ASSETS			
Unrestricted			
Operating	\$	623,882	\$ 490,128
Board Designated		149,829	149,829
Total Unrestricted	\$	<u>773,711</u>	<u>\$ 639,957</u>
Temporarily Restricted		256,766	438,392
Total Net Assets	\$	<u>1,030,477</u>	<u>\$ 1,078,349</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>2,408,822</u></u>	<u><u>\$ 2,533,203</u></u>

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Totals for the Year Ended December 31, 2014)

	Unrestricted	Board Designated	Temporarily Restricted	2015 Total	2014 Total
REVENUE					
United Way of Greater Milwaukee Community Development Block Grants and Housing Trust Fund Grants	\$ 131,956	\$ ---	\$ 116,086	\$ 248,042	\$ 256,739
City of Milwaukee CDBG - HOME	651,145	---	---	651,145	655,899
City of Milwaukee - HAP	540,629	---	---	540,629	807,380
City of Milwaukee - HOME	18,883	---	---	18,883	20,759
Milwaukee County - Department on Aging	121,500	---	---	121,500	107,305
Center for Neighborhood Enterprise	93,550	---	---	93,550	85,146
AmeriCorps	922,950	---	---	922,950	1,034,143
State of Wisconsin - Department of Administration	177,539	---	---	177,539	167,987
Department of Justice	36,486	---	---	36,486	32,625
Local Initiatives Support Corporation	25,259	---	---	25,259	---
Milwaukee Area Workforce Investment Board	12,733	---	---	12,733	27,267
Other Government Grants	59,450	---	---	59,450	72,928
Other Non-Government Grants	55,461	---	---	55,461	13,896
Foundation Grants	176,161	---	---	176,161	192,608
First-Time Juvenile Offender Program	261,196	---	---	261,196	260,625
House Sales	10,180	---	---	10,180	152,288
Program Fees	913,100	---	31,790	944,890	695,012
Fundraising Events	995,084	---	---	995,084	911,725
Fundraising Income	34,244	---	---	34,244	30,447
Investment Income	130	---	---	130	53
Rental Income	6,887	---	---	6,887	16,092
Contributions	89,746	---	---	89,746	72,662
Fee for Service	---	---	---	---	17,407
In-Kind Revenue	346,295	---	---	346,295	304,361
Gain on Sales of Fixed Assets	18,333	---	---	18,333	169,723
Other Revenue	10,604	---	---	10,604	19,241
Net Assets Released From Restrictions	329,502	---	(329,502)	---	---
Total Revenue	\$ 6,039,003	\$ ---	\$ (181,626)	\$ 5,857,377	\$ 6,124,318
EXPENSES					
Program Services					
Social Services	\$ 2,091,021	\$ ---	\$ ---	\$ 2,091,021	\$ 2,439,682
Housing Repair and Graffiti Removal	2,709,283	---	---	2,709,283	2,396,683
Management and Supporting Services	936,575	---	---	936,575	986,054
Fundraising	168,370	---	---	168,370	130,964
Total Expenses	\$ 5,905,249	\$ ---	\$ ---	\$ 5,905,249	\$ 5,953,383
CHANGE IN NET ASSETS	\$ 133,754	\$ ---	\$ (181,626)	\$ (47,872)	\$ 170,935
Net Assets, Beginning of Year	490,128	149,829	438,392	1,078,349	907,414
NET ASSETS, END OF YEAR	\$ 623,882	\$ 149,829	\$ 256,766	\$ 1,030,477	\$ 1,078,349

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Totals for the Year Ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (47,872)	\$ 170,935
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Gain on Sales of Fixed Assets	(18,333)	(169,723)
Depreciation	38,966	53,399
(Increase) Decrease in Accounts Receivable	19,602	25,052
(Increase) Decrease in Grants Receivable	(59,500)	1,168
(Increase) Decrease in Prepaid Expenses	27,347	21,323
(Increase) Decrease in Properties Held for Resale	68,255	(195,828)
(Increase) Decrease in Inventory - Supplies	4,551	10,267
(Increase) Decrease in Security Deposit	---	990
Increase (Decrease) in Accounts Payable and Accrued Expenses	(63,559)	71,264
Increase (Decrease) in Accrued Payroll and Payroll Taxes	13,827	(22,670)
Increase (Decrease) in Refundable Advance - Grant	(2,100)	428
Increase (Decrease) in Security Deposit Liability	(1,495)	195
	\$ (20,311)	\$ (33,200)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (35,607)	\$ (41,698)
Proceeds from Sales of Fixed Assets	94,100	240,411
	\$ 58,493	\$ 198,713
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Deferred HOME Revenue	\$ 493,941	\$ ---
Proceeds from Bank Construction Loans	171,200	167,200
Proceeds from Line of Credit	300,000	150,000
Repayment of Mortgages Payable	(76,234)	(77,760)
Repayment of Deferred HOME Revenue	(494,475)	91,812
Repayment of Bank Construction Loans	(216,355)	(77,342)
Repayment of Line of Credit	(200,000)	(249,978)
Repayment of Capital Lease	(1,259)	(1,440)
	\$ (23,182)	\$ 2,492
Net Increase in Cash and Cash Equivalents	\$ 15,000	\$ 168,005
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	405,528	237,523
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 420,528	\$ 405,528
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 32,208	\$ 37,024

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - Summary of Significant Accounting Policies

Organization

Milwaukee Christian Center, Inc. serves Milwaukee's south side community in order that problems are solved, lives are enriched, and families are strengthened.

MCC CHDO, LLC is a Community Housing Development Organization which produces affordable housing for sale to income eligible homeowners. This includes infill housing, the construction of new homes on vacant lots, and the acquisition and rehabilitation of existing homes. Both categories of houses (new or rehab) will be affirmatively marketed to income-qualifying homeowners. The homes must be sold to households who meet the HUD income guidelines as being low income, defined as having family income no greater than 80% of County Median Income.

MCC Youthbuild, LLC, a Wisconsin Fresh Start Initiative, is a workforce development program centered on academic advancement and vocational training for low-income, at-risk, young adults, ages 18 to 24, most of whom have dropped out of high school. The youth build a home working under skilled carpenters for half a day and attend GED classes for half of a day. The homes must be sold to households who meet the HUD income guidelines of low income, defined as having family income no greater than 80% of County Median Income.

Hand in Glove, LLC was created for the ownership of the building during 2013.

Combined Financial Statements

The combined financial statements include the accounts of Milwaukee Christian Center, Inc., MCC CHDO, LLC, MCC Youthbuild, LLC, and Hand in Glove, LLC. MCC CHDO, LLC, MCC Youthbuild, LLC, and Hand in Glove, LLC are Milwaukee Christian Center, Inc. limited liability companies. Milwaukee Christian Center, Inc. is the sole member of MCC CHDO, LLC, MCC Youthbuild, LLC, and Hand in Glove, LLC. All significant intercompany transactions and accounts are eliminated.

Accounting Method

The accompanying financial statements of Milwaukee Christian Center, Inc. and Affiliates (the "Organization") have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports 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. Assets of the restricted classes are created only by donor-imposed restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - Summary of Significant Accounting Policies (continued)

Accounts Receivable

Receivable amounts are stated at unpaid invoice amounts. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Grants Receivable

Funds due from various funding sources under government grants are recognized as revenue in the accounting period in which the expenses are incurred.

Allowance for Uncollectible Accounts

The Organization provides for losses on accounts and grants receivable using the specific identification method. The allowance is based on experience, third-party contracts, and other facts and circumstances, which may affect the ability of customers to meet their obligations. Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

Prepaid Expenses and Inventory

Prepaid expenses consist of costs that will result in a benefit in a future period. These amounts will be recognized as expenses in the subsequent year. Inventory consists of building supplies which is recorded using a first in, first out methodology.

Fixed Assets

All acquisition of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Donated fixed assets are recorded at the estimated fair value at the date of donation.

Refundable Advances

Refundable advances represents advances of funds from various funding sources to the Organization to be recognized in the subsequent year.

Deferred HOME Revenue

The City of Milwaukee allocated HOME funds to be used as a subsidy for the construction of new houses through the CHDO and Youth Build programs. The ultimate disposition for the property is sale to an income eligible owner/occupant. Income generated from the use of these funds must be used for program-related activities or returned to the City of Milwaukee.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

At December 31, 2015, the Organization had \$149,829 of board designated net assets for building repairs.

At December 31, 2015, the Organization had \$116,086 of temporarily time- and purpose-restricted net assets and \$140,680 of temporarily purpose-restricted net assets.

Reclassifications

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - Comparative Financial Information

The financial information shown for 2014 in the accompanying financial statements is included to provide a basis of comparison with 2015. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014 from which the summarized information was derived.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE C - Accounts Receivable

Accounts receivable consists primarily of fees from program services.

NOTE D - Grants Receivable

Grants receivable consists of the following amounts as of December 31, 2015:

<u>Source</u>	<u>Amount</u>
United Way	\$116,086
Milwaukee County - Department on Aging	15,933
Milwaukee County - Department of Family Care	65,532
Milwaukee County - First-Time Juvenile Offender Program	913
City of Milwaukee - HAP	4,070
City of Milwaukee - CDBG-NIP	114,260
City of Milwaukee - CHDO	13,938
City of Milwaukee - HOME	28,425
Milwaukee Public Schools	36,219
Social Development Commission	3,619
Community Advocates - Brighter Futures	27,804
Wisconsin Department of Administration	12,285
Wisconsin Department of Justice	22,293
Center for Neighborhood Enterprise	14,301
Milwaukee Area Workforce Investment Board, Inc.	4,622
Housing Trust Fund	3,714
Children's Outing Association	14,160
AmeriCorps	26,531
Other	<u>6,751</u>
Total	<u>\$531,456</u>

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE E - Properties Held for Resale

The Organization constructs properties for resale through the CHDO program. The program is being financed by City of Milwaukee HOME and Community Development Block Grant funds, and bank loans. The locations and balances of the properties consist of the following:

<u>Location</u>	<u>Balance as of December 31, 2015</u>
1014 W. Mineral Street	\$128,413
2406 S. 9 th Street	161,619
2486-88 S. 12 th Street	3,248
2355 S. 8 th Street	104,693
1303 S. 22 nd Street	<u>30,297</u>
Total	<u>\$428,270</u>

The Organization constructs properties for resale through the Youthbuild program. The program is being financed by City of Milwaukee HOME and Community Development Block Grant funds, and bank loans. The locations and balances of the properties consist of the following:

<u>Location</u>	<u>Balance as of December 31, 2015</u>
2138 S. 26 th Street	<u>\$131,371</u>
Total	<u>\$131,371</u>

A summary of the properties held for resale and the current status is shown below:

<u>Properties Held For Resale</u>	<u>Amount</u>
CHDO Program	\$428,270
Youthbuild Program	<u>131,371</u>
Total	<u>\$559,641</u>

<u>Status of Properties Held For Resale</u>	<u>Amount</u>
Available for Sale	\$ ---
In Process	<u>559,641</u>
Total	<u>\$559,641</u>

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE F - Refundable Advance - Grant

The Organization received the following amount as of December 31, 2015, to be recognized as revenue in the subsequent year:

<u>Source</u>	<u>Amount</u>
AmeriCorps	\$20,880
Total	<u>\$20,880</u>

NOTE G - Lines of Credit

The Organization has a \$200,000 line of credit available with a local bank that bears interest at 3.92%, which is due July 30, 2016. The line of credit is secured by the building, which the Organization owns. At December 31, 2015, \$100,000 was drawn on this line of credit.

The Organization has a \$100,000 line of credit available with LISC that bears interest at 5.00%, which is due September 30, 2016. The line of credit is secured by the building, which the Organization owns. At December 31, 2015, nothing was drawn on this line of credit.

NOTE H - Deferred HOME Revenue

The City of Milwaukee allocated HOME funds to be used as a subsidy for the construction of new houses through the CHDO program. The ultimate disposition for the property is sale to an income eligible owner/occupant. Income generated from the use of these funds must be used for program-related activities or returned to the City of Milwaukee. As of December 31, 2015, \$340,460 was drawn from these funds.

The City of Milwaukee allocated HOME funds to be used as a subsidy for the construction of new houses through the Youthbuild program. The ultimate disposition for the property is sale to an income eligible owner/occupant. Income generated from the use of these funds must be used for program-related activities or returned to the City of Milwaukee. As of December 31, 2015, \$121,023 was drawn from these funds.

NOTE I - Bank Construction Loans

As of December 31, 2015, the Organization had the following outstanding construction loans payable related to property held for resale:

An \$85,600 construction loan is available from a bank secured by property at 1303 S. 22nd Street. Interest of 7% will be payable monthly. The principal balance of \$23,982 will be due on November 24, 2016.

A \$85,600 construction loan is available from a bank secured by property at 2406 S. 9th Street. Interest of 3.5% will be payable monthly. The principal balance of \$22,725 will be due on October 13, 2016.

On March 23, 2016, the Organization received a bank construction loan of \$76,800 from a bank secured by property at 2355 S. 8th Street.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE J - Mortgages Payable

The Organization obtained a mortgage payable through IFF at a total of \$320,000 to finance the purchase and renovation of the building located at 807 South 14th Street in Milwaukee, Wisconsin, on March 23, 2012. The loan has an interest rate of 4.5% through the date on which the renovation is complete and will be recalculated in five-year intervals. The mortgage is secured by the real estate. Principal payments of \$2,448 are due on a monthly basis. The balance due on the mortgage as of December 31, 2015 was \$283,229.

The Organization obtained a mortgage payable through a local bank at a total of \$325,000 to finance the purchase and renovation of the building located at 807 South 14th Street in Milwaukee, Wisconsin, on March 23, 2012. The loan has an interest rate of 4.6% and is due September 27, 2017. The mortgage is secured by the building. Principal payments of \$2,053 are due on a monthly basis. The balance due on the mortgage as of December 31, 2015 was \$293,966.

The following is a summary of the mortgages payable as of December 31, 2015:

<u>Lender</u>	<u>Due Date</u>	<u>Rate</u>	<u>Amount</u>
Local Bank	09/27/2017	4.6%	\$293,966
IFF	10/01/2027	4.5%	<u>283,229</u>
Total			<u>\$577,195</u>

Future minimum principal payments based on the above estimate for the mortgages are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 28,329
2017	300,373
2018	18,573
2019	19,427
2020	20,319
Thereafter	<u>190,174</u>
Total	<u>\$577,195</u>

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE K - Capital Lease

The Organization signed a new lease for a copier under a capital lease with capitalized cost of \$7,685. Accumulated depreciation for the year ended December 31, 2015 relating to this copier was \$2,561. Depreciation expense reported in the statement of activities includes \$1,537 for the copiers under the capital leases.

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$1,387	\$ 486
2017	1,526	346
2018	1,681	191
2019	<u>1,057</u>	<u>34</u>
Total	<u>\$5,651</u>	<u>\$1,057</u>

NOTE L - Concentration of Risk

The Organization maintains its cash balances at three financial institutions. The Federal Deposit Insurance Corporation (FDIC) insured balance for combined interest and noninterest-bearing accounts is \$250,000 per financial institution. At December 31, 2015, the Organization's total uninsured cash balances totaled \$70,882.

The Organization receives grants from various government agencies whose programs rely on the availability of funding from the United States government. Approximately 50% of the Organization's revenue was from government grants during the year ended December 31, 2015.

NOTE M - Retirement Fund

The Organization maintains a Defined Contribution Plan covering substantially all employees who are at least 21 years old, and who worked at least one year, including prior employment, within the three full calendar year periods immediately preceding an employee's period of employment with the Organization as an employee in the nonprofit health or social services field. The contributions are vested upon completion of three years of vesting service or upon attainment of early retirement age. The Organization made monthly contributions of 6% of eligible employees' monthly gross wages for January through December of 2015. Total pension expense for 2015 was \$119,864 of which cash contributions totaled \$122,043 with \$2,179 in forfeitures for employees leaving the plan prior to being 100% vested.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE N - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following amounts at December 31, 2015:

<u>Program</u>	<u>Amount</u>
United Way	\$116,086
Real Estate Proceeds	<u>140,680</u>
Total Temporarily Restricted Net Assets	<u>\$256,766</u>

NOTE O - Operating Leases

In May of 2013, the Organization leased a phone system with 36 monthly payments. Total lease payments during 2015 totaled \$6,375. Payments during 2016 under this lease are \$2,656.

The Organization leases facilities from Hand & Glove, LLC. The lease operates on a month-to-month basis. During 2015, total lease payments under the lease were \$60,000. There are no future payments related to this operating lease.

The Organization renewed a facilities lease with Milwaukee County Department of Parks, Recreation and Culture in December 2015. The lease expires on November 1, 2025. During 2015, total lease payments under the lease were \$7,700. The lease can be canceled with a 90-day written notice to the County.

NOTE P - In-Kind Revenue

Donated food with a fair value of \$346,295 was recorded as revenue and expenses for the year ended December 31, 2015.

NOTE Q - Related Parties

The Organization rented vehicles from a company co-owned by the brother of its NIP director. The amount incurred was \$10,320, of which \$-0- was included in accounts payable for the year ended December 31, 2015.

NOTE R - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2015, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year. The Organization is currently not under audit by any federal or state taxing authority and is no longer subject to tax examinations by the U.S. federal jurisdiction for years prior to 2011 and the state jurisdiction for years prior to 2010.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE S - Subsequent Events

On March 23, 2016, the Organization received a bank construction loan of \$76,800 from a bank secured by property at 2355 S. 8th Street.

On February 16, 2016, the Organization purchased property at 2214 S. 19th Street.

The Family Care contract with Milwaukee County ended on April 1, 2016.

The Organization evaluated subsequent events and transactions for possible adjustments to the financial statements and disclosures. The Organization has considered events and transactions occurring after December 31, 2015, the date of the most recent balance sheet, through June 21, 2016, the date the financial statements are available to be issued.

MILWAUKEE CHRISTIAN CENTER AND AFFILIATES
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Totals for the Year Ended December 31, 2014)

	Human Services	CDBG Grants	City of Milwaukee HOME	City of Milwaukee HAP	Milwaukee Public Schools	Fresh Start	Milwaukee County	Milwaukee Area Workforce Investment Board	Violence Free Zone	Building Neighborhood Capacity Program	Other Grants and Revenue	Total 2015	Total 2014
REVENUE													
United Way of Greater Milwaukee	\$ 131,956	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 131,956	\$ 135,649
Community Development Block Grants and Housing Trust Grants	---	651,145	---	---	---	---	---	---	---	---	---	651,145	655,899
City of Milwaukee CDBG HOME	---	---	540,629	---	---	---	---	---	---	---	---	540,629	807,380
City of Milwaukee - HAP	---	---	---	18,883	---	---	---	---	---	---	---	18,883	20,759
City of Milwaukee - HOME	---	---	121,500	---	---	---	---	---	---	---	---	121,500	107,305
Milwaukee County - Department on Aging	---	---	---	---	---	---	93,550	---	---	---	---	93,550	85,146
Center for Neighborhood Enterprise	---	---	---	---	---	---	---	---	922,950	---	---	922,950	1,034,143
AmeriCorps	---	---	---	---	---	177,539	---	---	---	---	---	177,539	167,987
State of Wisconsin - Department of Commerce	---	---	---	---	---	36,486	---	---	---	---	---	36,486	32,625
Department of Justice	---	---	---	---	---	---	---	---	25,259	---	---	25,259	---
Local Initiatives Support Corporation	---	---	---	---	---	---	---	---	---	---	12,733	12,733	27,267
Milwaukee Area Workforce Investment Board	---	---	---	---	---	---	---	59,450	---	---	---	59,450	72,928
Other Government Grants	---	---	---	---	---	---	---	---	9,701	45,760	---	55,461	13,896
Other Non-Government Grants	---	---	---	---	---	---	---	---	---	---	176,161	176,161	192,608
Foundation Grants	---	---	---	---	2,000	---	---	---	39,374	73,686	146,136	261,196	177,132
First-Time Juvenile Offender Program	---	---	---	---	---	---	---	---	---	---	10,180	10,180	152,288
House Sales	---	---	---	---	---	913,100	---	---	---	---	---	913,100	652,135
Program Fees	55	---	---	---	188,788	---	780,786	---	10,883	---	14,572	995,084	911,725
Fundraising Events Income	---	---	---	---	---	---	---	---	---	---	34,244	34,244	30,447
Investment Income	---	---	---	---	---	1	---	---	---	---	129	130	53
Rental Income	---	---	---	---	---	---	---	---	---	---	6,887	6,887	16,092
Contributions	1,658	---	---	---	2,501	---	---	---	---	---	85,587	89,746	72,662
Fee for Service	---	---	---	---	---	---	---	---	---	---	---	---	17,407
In-Kind Revenue	346,295	---	---	---	---	---	---	---	---	---	---	346,295	304,361
Gain on Sales of Fixed Assets	---	---	---	---	---	---	---	---	---	---	18,333	18,333	169,519
Other Revenue	4,403	---	---	---	85	---	---	---	---	---	6,116	10,604	19,241
Net Assets Released From Restrictions	126,318	---	---	---	---	90,534	---	---	---	---	110,650	329,502	209,323
Total Revenue (carried forward)	\$ 612,685	\$ 651,145	\$ 662,129	\$ 18,883	\$ 193,374	\$ 1,217,660	\$ 874,336	\$ 59,450	\$ 1,008,167	\$ 119,446	\$ 621,728	\$ 6,039,003	\$ 6,085,977

MILWAUKEE CHRISTIAN CENTER AND AFFILIATES
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Summarized Totals for the Year Ended December 31, 2014)

	Human Services	CDBG Grants	City of Milwaukee HOME	City of Milwaukee HAP	Milwaukee Public Schools	Fresh Start	Milwaukee County	Milwaukee Area Workforce Investment Board	Violence Free Zone	Building Neighborhood Capacity Program	Other Grants and Revenue	Total 2015	Total 2014
Total Revenue (brought forward)	\$ 612,685	\$ 651,145	\$ 662,129	\$ 18,883	\$ 193,374	\$ 1,217,660	\$ 874,336	\$ 59,450	\$ 1,008,167	\$ 119,446	\$ 621,728	\$ 6,039,003	\$ 6,085,977
EXPENSES													
Salaries and Wages	\$ 121,924	\$ 332,936	\$ 52,875	\$ 862	\$ 105,669	\$ 118,741	\$ 550,493	\$ 21,891	\$ 729,179	57,393	\$ 556,351	\$ 2,648,314	\$ 2,727,667
Pension	6,713	11,332	3,160	26	1,128	5,013	24,506	1,125	37,501	3,508	25,852	119,864	94,983
Employee Benefits	504	2,968	165	---	255	---	2,024	---	781	3	1,599	8,299	74,743
Payroll Taxes	17,440	70,139	7,101	165	16,981	36,344	74,091	3,507	104,831	7,322	72,186	410,107	449,435
Professional Fees and Contracted Services	1,224	1,339	264	---	7,159	6,000	4,077	---	6,181	418	81,000	107,662	79,521
Office Supplies	17,065	1,433	1,510	---	---	10,189	8,703	---	2,499	1,846	7,845	51,090	51,266
Program Supplies	8,182	2,499	---	2,828	2,197	---	1,833	---	6,599	2,769	21,130	48,037	62,101
Food	7,092	---	---	---	1,706	---	6,282	---	3,014	2,746	17,442	38,282	30,109
Uniforms	---	151	---	---	1,138	---	---	343	2,291	839	511	5,273	2,670
Telephone	4,586	2,948	671	---	225	3,097	11,099	---	921	945	12,055	36,547	47,924
Internet Expense	1,218	261	87	---	---	522	1,131	---	---	174	2,021	5,414	941
Postage	---	---	---	---	---	---	1,518	---	---	66	2,963	4,547	5,946
Printing and Publications	1,545	314	40	---	---	---	1,479	---	---	1,134	7,135	11,647	10,839
Occupancy	37,394	8,756	619	---	---	13,771	12,301	3,800	---	929	41,736	119,306	95,183
Subcontractors	---	122,212	540,089	14,304	---	---	---	---	---	---	---	676,605	916,908
Tool Expense	---	---	---	---	---	---	---	---	---	---	129	129	124
Equipment Rental and Maintenance	3,840	329	70	---	---	---	863	311	---	110	2,123	7,646	5,627
Depreciation Expense	---	---	---	---	---	---	---	---	---	---	38,966	38,966	53,399
Travel	494	3,920	2,890	---	20	---	16,471	---	6,184	623	10,834	41,436	39,570
Vehicle Expense	1,927	6,775	250	---	198	9,050	32	1,149	192	4	2,614	22,191	26,322
Field Trip Expense	546	---	---	---	17,207	---	---	---	190	---	3,094	21,037	15,263
Interest Expense	---	---	10	---	---	---	---	---	---	---	32,198	32,208	37,024
Insurance	4,320	13,091	1,055	---	1,231	---	4,135	---	7,712	557	19,932	52,033	25,352
Dues and Subscriptions	---	---	---	---	---	---	---	---	568	---	7,706	8,274	7,294
Training	60	210	210	---	---	---	16	11,460	---	35	1,601	13,592	16,289
Licenses and Fees	388	1,493	1,057	---	2,414	46	78	2,011	77	807	18,890	27,261	21,719
Advertising	---	---	---	---	---	---	1,705	---	---	---	375	2,080	1,559
Bank Charges	---	---	---	---	---	---	---	---	---	---	2,745	2,745	2,870
Non-Capitalized Equipment	---	---	---	---	---	---	4,221	---	1,252	997	13,975	20,445	18,490
Administrative	39,627	66,786	10,821	158	23,628	31,539	110,632	6,840	135,074	12,602	(437,707)	---	---
Cost of Properties Sold	---	---	---	---	---	878,272	---	---	---	---	---	878,272	593,318
Operation Impact	---	---	---	---	---	---	---	---	---	---	85,385	85,385	59,194
In-Kind Food	346,295	---	---	---	---	---	---	---	---	---	---	346,295	304,361
Other Expenses	272	---	110	---	---	375	32	---	225	75	13,171	14,260	75,372
Total Expenses	\$ 622,656	\$ 649,892	\$ 623,054	\$ 18,343	\$ 181,156	\$ 1,112,959	\$ 837,722	\$ 52,437	\$ 1,045,271	\$ 95,902	\$ 665,657	\$ 5,905,249	\$ 5,953,383
CHANGE IN ASSETS	\$ (9,971)	\$ 1,253	\$ 39,075	\$ 540	\$ 12,218	\$ 104,701	\$ 36,614	\$ 7,013	\$ (37,104)	\$ 23,544	\$ (44,129)	\$ 133,754	\$ 132,594