

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Balance Sheet	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 15
Consolidated Schedule of Unrestricted Functional Revenue and Expenses.....	16 - 17

Independent Auditor's Report

Board of Directors
Milwaukee Christian Center, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Milwaukee Christian Center, Inc. and Affiliates which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated 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, 2016, 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.

Ritz Holman LLP
Serving businesses, nonprofits, individuals and trusts.

330 E. Kilbourn Ave., Suite 550 t. 414.271.1451
Milwaukee, WI 53202 f. 414.271.7464
ritzholman.com

Board of Directors
Milwaukee Christian Center, Inc. and Affiliates

Report on Summarized Comparative Information

We have previously audited Milwaukee Christian Center, Inc. and Affiliates' 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of unrestricted functional revenue and expenses is presented for purposes of additional analysis and is not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated 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 consolidated financial statements or to the basic consolidated 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 consolidated financial statements as a whole.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
May 25, 2017

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2016
(With Summarized Totals for December 31, 2015)

ASSETS		
	2016	2015
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 517,766	\$ 420,528
Accounts Receivable	35,288	16,114
Grants Receivable	460,200	531,456
Prepaid Expenses	38,831	49,629
Inventory - Supplies	604	604
Total Current Assets	\$ 1,052,689	\$ 1,018,331
FIXED ASSETS		
Land	\$ 65,500	\$ 65,500
Buildings	792,843	792,843
Office Equipment	89,205	89,205
Vehicles	46,548	46,548
Less: Accumulated Depreciation	(200,994)	(163,246)
Net Fixed Assets	\$ 793,102	\$ 830,850
OTHER ASSETS		
Properties Held for Resale - In Process	\$ 388,003	\$ 559,641
Total Other Assets	\$ 388,003	\$ 559,641
TOTAL ASSETS	\$ 2,233,794	\$ 2,408,822
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 17,584	\$ 20,159
Accrued Payroll and Payroll Taxes	110,658	146,270
Refundable Advance - Grant	31,467	20,880
Lines of Credit	50,000	100,000
Deferred HOME Revenue	264,143	461,483
Bank Construction Loans	79,005	46,707
Current Portion of Mortgage Payable	300,599	28,329
Current Portion of Capital Lease	1,526	1,387
Total Current Liabilities	\$ 854,982	\$ 825,215
LONG-TERM LIABILITIES		
Mortgages Payable	\$ 549,092	\$ 577,195
Capital Lease Payable	4,265	5,651
Less: Current Portion of Mortgages Payable	(300,599)	(28,329)
Less: Current Portion of Capital Lease	(1,526)	(1,387)
Total Long-Term Liabilities	\$ 251,232	\$ 553,130
Total Liabilities	\$ 1,106,214	\$ 1,378,345
NET ASSETS		
Unrestricted		
Operating	\$ 668,552	\$ 623,882
Board Designated	121,625	149,829
Total Unrestricted	\$ 790,177	\$ 773,711
Temporarily Restricted	337,403	256,766
Total Net Assets	\$ 1,127,580	\$ 1,030,477
TOTAL LIABILITIES AND NET ASSETS	\$ 2,233,794	\$ 2,408,822

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	Unrestricted	Board Designated	Temporarily Restricted	2016 Total	2015 Total
REVENUE					
United Way of Greater Milwaukee	\$ 131,875	\$ ---	\$ 113,964	\$ 245,839	\$ 248,042
Community Development Block Grants and Housing Trust Fund Grants	419,421	---	---	419,421	651,145
City of Milwaukee CDBG - HOME	514,325	---	---	514,325	540,629
City of Milwaukee - HAP	9,670	---	---	9,670	18,883
City of Milwaukee - HOME	82,500	---	---	82,500	121,500
Milwaukee County - Department on Aging	93,550	---	---	93,550	93,550
Center for Neighborhood Enterprise	878,450	---	---	878,450	922,950
AmeriCorps	148,055	---	---	148,055	177,539
State of Wisconsin -					
Department of Administration	26,123	---	---	26,123	36,486
Department of Justice	9,741	---	---	9,741	25,259
Local Initiatives Support Corporation	---	---	---	---	12,733
Milwaukee Area Workforce Investment Board	69,986	---	---	69,986	59,450
Other Government Grants	84,815	---	---	84,815	55,461
Other Non-Government Grants	295,621	---	4,032	299,653	176,161
Foundation Grants	307,314	---	64,151	371,465	261,196
First-Time Juvenile Offender Program	19,465	---	---	19,465	10,180
House Sales	898,567	---	119,284	1,017,851	944,890
Program Fees	406,763	---	---	406,763	995,084
Fundraising Events					
Fundraising Income	34,858	---	---	34,858	34,244
Investment Income	122	---	---	122	130
Rental Income	---	---	---	---	6,887
Contributions	82,549	---	---	82,549	89,746
In-Kind Revenue	327,720	---	---	327,720	346,295
Gain on Sales of Fixed Assets	---	---	---	---	18,333
Other Revenue	24,008	---	---	24,008	10,604
Net Assets Released from Restrictions	248,998	(28,204)	(220,794)	---	---
Total Revenue	\$ 5,114,496	\$ (28,204)	\$ 80,637	\$ 5,166,929	\$ 5,857,377
EXPENSES					
Program Services					
Social Services	\$ 1,477,039	\$ ---	\$ ---	\$ 1,477,039	\$ 2,511,767
Housing Repair and Graffiti Removal	2,992,689	---	---	2,992,689	2,709,283
Management and Supporting Services	488,357	---	---	488,357	590,280
Fundraising	111,741	---	---	111,741	93,919
Total Expenses	\$ 5,069,826	\$ ---	\$ ---	\$ 5,069,826	\$ 5,905,249
CHANGE IN NET ASSETS	\$ 44,670	\$ (28,204)	\$ 80,637	\$ 97,103	\$ (47,872)
Net Assets, Beginning of Year	623,882	149,829	256,766	1,030,477	1,078,349
NET ASSETS, END OF YEAR	\$ 668,552	\$ 121,625	\$ 337,403	\$ 1,127,580	\$ 1,030,477

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 97,103	\$ (47,872)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Gain on Sales of Fixed Assets	---	(18,333)
Depreciation	37,747	38,966
(Increase) Decrease in Accounts Receivable	(19,174)	19,602
(Increase) Decrease in Grants Receivable	71,256	(59,500)
(Increase) Decrease in Prepaid Expenses	10,798	27,347
(Increase) Decrease in Properties Held for Resale	171,638	68,255
(Increase) Decrease in Inventory - Supplies	---	4,551
Increase (Decrease) in Accounts Payable and Accrued Expenses	(2,575)	(63,559)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	(35,612)	13,827
Increase (Decrease) in Refundable Advance - Grant	10,587	(2,100)
Increase (Decrease) in Security Deposit Liability	---	(1,495)
	\$ 341,768	\$ (20,311)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ ---	\$ (35,607)
Proceeds from Sales of Fixed Assets	---	94,100
	\$ ---	\$ 58,493
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Deferred HOME Revenue	\$ 372,024	\$ 493,941
Proceeds from Bank Construction Loans	107,025	171,200
Proceeds from Lines of Credit	---	300,000
Repayment of Mortgages Payable	(28,102)	(76,234)
Repayment of Deferred HOME Revenue	(569,364)	(494,475)
Repayment of Bank Construction Loans	(74,727)	(216,355)
Repayment of Lines of Credit	(50,000)	(200,000)
Repayment of Capital Lease	(1,386)	(1,259)
	\$ (244,530)	\$ (23,182)
Net Increase in Cash and Cash Equivalents	\$ 97,238	\$ 15,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	420,528	405,528
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 517,766	\$ 420,528
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 30,530	\$ 32,208

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Significant Accounting Policies

Organization

Milwaukee Christian Center, Inc. is a multi-faceted social service and neighborhood development agency committed to moving people beyond poverty and creating strong neighborhoods where the inherent value of each person is cherished and opportunities abound.

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.

Consolidated Financial Statements

The consolidated 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 consolidated 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.

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.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE A - Summary of Significant Accounting Policies (continued)

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.

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 consolidated 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.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Significant Accounting Policies (continued)

At December 31, 2016, the Organization had \$121,625 of board designated net assets for building repairs.

At December 31, 2016, the Organization had \$113,964 of temporarily time- and purpose-restricted net assets and \$223,439 of temporarily purpose-restricted net assets.

Reclassifications

Certain reclassifications have been made to the 2015 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 consolidated 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 2015 in the accompanying consolidated financial statements is included to provide a basis of comparison with 2016. 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 consolidated financial statements for the year ended December 31, 2015, from which the summarized information was derived.

NOTE C - Accounts Receivable

Accounts receivable consists primarily of fees from program services.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE D - Grants Receivable

Grants receivable consists of the following amounts as of December 31, 2016:

<u>Source</u>	<u>Amount</u>
Wisconsin Department of Administration	\$ 44,104
COA Youth and Family Centers	4,876
Community Advocates - Brighter Futures	59,557
United Way	149,944
Milwaukee County - First-Time Juvenile Offender Program	1,961
City of Milwaukee - CDBG-NIP	38,206
City of Milwaukee - Youth	7,735
City of Milwaukee - YouthBuild	8,787
Center for the Study of Social Policy	9,814
Milwaukee Public Schools	8,649
City of Milwaukee - HOME	14,665
Housing Trust Fund	3,991
City of Milwaukee - Indirect NIP/CHDO	27,117
Employ Milwaukee - Youthbuild	21,628
Milwaukee County - Department on Aging	8,566
City of Milwaukee - RAMP	170
Veolia Water Milwaukee - River Skimme	13,886
Social Development Commission	3,346
Other	<u>33,198</u>
Total	<u>\$460,200</u>

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, 2016</u>
1303 S. 22 nd Street	\$128,637
2490 S. 12 th Street	<u>225,607</u>
Total	<u>\$354,244</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, 2016</u>
1115 W. Mineral Street	\$ 5,423
1979 S. 13 th Street	22,478
2214 S. 19 th Street	<u>5,858</u>
Total	<u>\$33,759</u>

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE E - Properties Held for Resale (continued)

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	\$354,244
Youthbuild Program	<u>33,759</u>
Total	<u>\$388,003</u>
<u>Status of Properties Held For Resale</u>	<u>Amount</u>
Available for Sale	\$ ---
In Process	<u>388,003</u>
Total	<u>\$388,003</u>

NOTE F - Refundable Advance - Grant

The Organization received the following amount as of December 31, 2016, to be recognized as revenue in the subsequent year:

<u>Source</u>	<u>Amount</u>
CNE	\$ 5,947
AmeriCorps	<u>25,520</u>
Total	<u>\$31,467</u>

NOTE G - Line of Credit

The Organization has a \$200,000 line of credit available with a local bank that bears interest at 4.12%, which is with an open ended due date. The line of credit is secured by the building, which the Organization owns. At December 31, 2016, \$50,000 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, 2016, \$243,723 was drawn from these funds.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE H - Deferred HOME Revenue (continued)

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, 2016, \$20,420 was drawn from these funds.

NOTE I - Bank Construction Loans

As of December 31, 2016, 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 \$25,569 will be due on November 24, 2017.

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 \$53,436 was due on October 13, 2016.

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, 2016, was \$266,251.

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, 2016, was \$282,841.

The following is a summary of the mortgages payable as of December 31, 2016:

<u>Lender</u>	<u>Due Date</u>	<u>Rate</u>	<u>Amount</u>
Local Bank	09/27/2017	4.6%	\$282,841
IFF	10/01/2027	4.5%	<u>266,251</u>
Total			<u>\$549,092</u>

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE J - Mortgages Payable (continued)

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

<u>Years Ending December 31,</u>	<u>Amount</u>
2017	\$300,599
2018	18,573
2019	19,427
2020	20,319
2021	21,253
Thereafter	<u>168,921</u>
Total	<u>\$549,092</u>

NOTE K - Capital Lease

The Organization signed a lease for a copier under a capital lease with capitalized cost of \$7,685. Accumulated depreciation for the year ended December 31, 2016, relating to this copier was \$4,099. 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>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$1,526	\$346
2018	1,682	191
2019	<u>1,057</u>	<u>34</u>
Total	<u>\$4,265</u>	<u>\$571</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, 2016, the Organization's total uninsured cash balances totaled \$62,167.

The Organization receives grants from various government agencies whose programs rely on the availability of funding from the United States government. Approximately 51% of the Organization's revenue was from government grants during the year ended December 31, 2016.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 3% of eligible employees' monthly gross wages for January through December of 2016. Total pension expense for 2016 was \$38,804 of which cash contributions totaled \$43,698 with \$4,894 in forfeitures for employees leaving the plan prior to being 100% vested.

NOTE N - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following amounts at December 31, 2016:

<u>Program</u>	<u>Amount</u>
United Way	\$113,964
Violence Free Zone Programs	14,432
Building Neighborhood Capacity	25,000
Senior Programs	5,933
Community Program	22,819
Real Estate Proceeds	<u>155,255</u>
Total Temporarily Restricted Net Assets	<u>\$337,403</u>

NOTE O - Operating Leases

In May of 2013, the Organization leased a phone system with 36 monthly payments. Total lease payments during 2016 totaled \$2,656.

The Organization renewed a facilities lease with Milwaukee County Department of Parks, Recreation and Culture in December 2015. The lease expires on November 1, 2023. During 2016, total lease payments under the lease were \$12,400. 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 \$327,720 was recorded as revenue and expenses for the year ended December 31, 2016.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE Q - 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, 2016, 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.

NOTE R - Subsequent Events

On March 30, 2017, the Organization sold property at 1303 S. 22nd Street.

The Organization evaluated subsequent events and transactions for possible adjustments to the consolidated financial statements and disclosures. The Organization has considered events and transactions occurring after December 31, 2016, the date of the most recent balance sheet, through May 25, 2017, the date the consolidated financial statements are available to be issued.

MILWAUKEE CHRISTIAN CENTER AND AFFILIATES
CONSOLIDATED SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	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 2016	Total 2015
REVENUE													
United Way of Greater Milwaukee	\$ 131,875	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 131,875	\$ 131,956
Community Development Block Grants and Housing Trust Grants	---	419,421	---	---	---	---	---	---	---	---	---	419,421	651,145
City of Milwaukee CDBG HOME	---	---	514,325	---	---	---	---	---	---	---	---	514,325	540,629
City of Milwaukee - HAP	---	---	---	9,670	---	---	---	---	---	---	---	9,670	18,883
City of Milwaukee - HOME	---	---	82,500	---	---	---	---	---	---	---	---	82,500	121,500
Milwaukee County - Department on Aging Center for Neighborhood Enterprise	---	---	---	---	---	---	93,550	---	---	---	---	93,550	93,550
AmeriCorps	---	---	---	---	---	148,055	---	---	878,450	---	---	878,450	922,950
State of Wisconsin - Department of Commerce	---	---	---	---	---	26,123	---	---	---	---	---	26,123	36,486
Department of Justice	---	---	---	---	---	---	---	---	9,741	---	---	9,741	25,259
Local Initiatives Support Corporation	---	---	---	---	---	---	---	---	---	---	---	---	12,733
Milwaukee Area Workforce Investment Board	---	---	---	---	---	---	---	69,986	---	---	---	69,986	59,450
Other Government Grants	---	---	---	---	---	---	---	---	---	63,741	21,074	84,815	55,461
Other Non-Government Grants	2,584	---	---	---	---	---	---	---	2,968	---	290,069	295,621	176,161
Foundation Grants	---	---	---	---	---	---	---	---	81,703	70,000	155,611	307,314	261,196
First-Time Juvenile Offender Program	---	---	---	---	---	---	---	---	---	---	19,465	19,465	10,180
House Sales	---	---	---	---	---	898,567	---	---	---	---	---	898,567	913,100
Program Fees	---	---	---	---	190,098	---	183,757	---	31,198	---	1,710	406,763	995,084
Fundraising Events Income	---	---	---	---	---	---	---	---	---	---	34,858	34,858	34,244
Investment Income	---	---	---	---	---	15	---	---	---	---	107	122	130
Rental Income	---	---	---	---	---	---	---	---	---	---	---	---	6,887
Contributions	170	---	---	---	---	---	---	---	---	---	82,379	82,549	89,746
In-Kind Revenue	---	---	---	---	---	---	---	---	---	---	327,720	327,720	346,295
Gain on Sales of Fixed Assets	---	---	---	---	---	---	---	---	---	---	---	---	18,333
Other Revenue	4,273	---	---	---	---	110	16,046	---	---	---	3,579	24,008	10,604
Net Assets Released From Restrictions	116,086	---	---	---	---	104,708	---	---	---	---	---	220,794	329,502
Total Revenue													
(carried forward)	\$ 254,988	\$ 419,421	\$ 596,825	\$ 9,670	\$ 190,098	\$ 1,177,578	\$ 293,353	\$ 69,986	\$ 1,004,060	\$ 133,741	\$ 936,572	\$ 5,086,292	\$ 6,039,003

MILWAUKEE CHRISTIAN CENTER AND AFFILIATES
CONSOLIDATED 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 2016	Total 2015
Total Revenue (brought forward)	\$ 254,988	\$ 419,421	\$ 596,825	\$ 9,670	\$ 190,098	\$ 1,177,578	\$ 293,353	\$ 69,986	\$ 1,004,060	\$ 133,741	\$ 936,572	\$ 5,086,292	\$ 6,039,003
EXPENSES													
Salaries and Wages	\$ 129,651	\$ 247,681	\$ 52,618	\$ ---	\$ 106,037	\$ 114,677	\$ 193,566	\$ 40,882	\$ 755,711	58,386	\$ 541,195	\$ 2,240,404	\$ 2,648,314
Pension	3,195	5,192	1,578	---	502	2,679	286	917	16,756	1,751	5,948	38,804	119,864
Employee Benefits	740	1,376	229	---	196	547	853	341	1,250	2	3,426	8,960	8,299
Payroll Taxes	16,794	46,564	6,490	---	14,692	30,602	27,656	5,214	95,513	7,181	69,831	320,537	410,107
Professional Fees and Contracted Services	4,589	5,412	575	---	6,309	6,000	3,588	---	10,804	5,588	79,279	122,144	107,662
Office Supplies	9,434	5,209	522	---	36	6,418	2,411	---	1,635	1,931	21,046	48,642	51,090
Program Supplies	5,110	2	1	---	1,318	112	25	375	9,758	6,209	21,942	44,852	48,037
Food	8,724	---	---	---	1,676	---	7,958	---	4,260	6,080	12,311	41,009	38,282
Uniforms	---	244	---	---	---	---	---	---	5,075	---	1,092	6,411	5,273
Telephone	2,625	1,188	493	---	300	1,410	2,395	---	603	489	11,305	20,808	36,547
Internet Expense	3,016	258	86	---	---	602	404	---	---	172	3,114	7,652	5,414
Postage	---	---	---	---	---	---	483	---	42	---	3,372	3,897	4,547
Printing and Publications	1,577	481	17	---	---	---	409	---	811	2,618	7,896	13,809	11,647
Occupancy	28,046	10,173	611	---	---	9,516	3,799	7,942	---	689	35,996	96,772	119,306
Subcontractors	---	23,455	513,755	9,670	---	---	---	---	---	2,650	---	549,530	676,605
Tool Expense	---	---	---	---	---	---	---	1,655	---	---	---	1,655	129
Equipment Rental and Maintenance	515	1,980	105	---	---	---	347	42	---	168	1,762	4,919	7,646
Depreciation Expense	---	---	---	---	---	---	---	---	---	---	37,747	37,747	38,966
Travel	315	1,958	2,636	---	---	---	2,520	---	4,831	479	7,362	20,101	41,436
Vehicle Expense	2,735	71	3	---	72	1,700	---	5,781	331	6	8,725	19,424	22,191
Field Trip Expense	186	---	---	---	11,665	---	---	---	1,000	---	1,865	14,716	21,037
Interest Expense	---	---	---	---	---	---	---	---	---	---	30,530	30,530	32,208
Insurance	6,827	7,240	521	---	1,087	---	2,598	---	10,166	819	19,877	49,135	52,033
Dues and Subscriptions	---	---	---	---	---	---	---	---	1,035	---	7,791	8,826	8,274
Training	47	385	264	---	150	---	255	1,576	13,969	200	2,837	19,683	13,592
Licenses and Fees	366	2,088	664	---	214	161	14	726	147	535	15,438	20,353	27,261
Advertising	310	---	---	---	---	---	---	---	---	---	2,207	2,517	2,080
Bank Charges	---	---	---	---	---	---	---	---	---	---	1,345	1,345	2,745
Non-Capitalized Equipment	---	1,011	---	---	---	---	2,998	---	---	---	15,032	19,041	20,445
Administrative	35,822	49,962	10,085	---	21,638	27,239	38,637	9,863	138,484	14,476	(346,206)	---	---
Cost of Properties Sold	---	---	---	---	---	913,380	---	---	---	---	---	913,380	878,272
Operation Impact	---	---	---	---	---	---	---	---	---	---	---	---	85,385
In-Kind Food	---	---	---	---	---	---	---	---	---	---	327,720	327,720	346,295
Other Expenses	98	---	---	---	---	---	---	---	50	14	14,342	14,503	14,260
Total Expenses	\$ 260,722	\$ 411,930	\$ 591,253	\$ 9,670	\$ 165,892	\$ 1,115,043	\$ 291,202	\$ 75,314	\$ 1,072,231	\$ 110,443	\$ 966,127	\$ 5,069,826	\$ 5,905,249
CHANGE IN ASSETS	\$ (5,734)	\$ 7,491	\$ 5,572	\$ ---	\$ 24,206	\$ 62,535	\$ 2,151	\$ (5,328)	\$ (68,171)	\$ 23,298	\$ (29,555)	\$ 16,466	\$ 133,754