

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Totals for the Year Ended December 31, 2019)

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 consolidated financial statements of Milwaukee Christian Center, Inc. and Affiliates which comprise the statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated 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 presentation 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, 2020, 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 business, nonprofits, individuals and trusts.

330 E. Kilbourn Ave., Suite 550
Milwaukee, WI 53202
t. 414.271.1451
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' December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.


RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
May 28, 2021

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Summarized Totals for December 31, 2019)

	ASSETS	
	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 628,437	\$ 330,984
Accounts Receivable	10,450	9,368
Grants and Pledges Receivable - Current	795,144	595,997
Properties Held for Resale - Current	313,587	325,212
Prepaid Expenses	22,375	12,535
Inventory - Supplies	604	604
Total Current Assets	\$ 1,770,597	\$ 1,274,700
 FIXED ASSETS		
Total Fixed Assets	\$ 1,072,389	\$ 1,024,650
Less: Accumulated Depreciation	(314,165)	(285,576)
Net Fixed Assets	\$ 758,224	\$ 739,074
 OTHER ASSETS		
Properties Held for Resale - In Process	\$ 296,775	\$ 220,075
Investment	13,128	11,671
Deposits	83,741	121,521
Grants and Pledges Receivable - Long-Term	---	20,000
Total Other Assets	\$ 393,644	\$ 373,267
 TOTAL ASSETS	\$ 2,922,465	\$ 2,387,041

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Summarized Totals for December 31, 2019)

LIABILITIES AND NET ASSETS		2020	2019
CURRENT LIABILITIES			
Accounts Payable		\$ 14,500	\$ 10,840
Accrued Payroll and Payroll Taxes		151,468	101,411
Refundable Advance - Grant		26,640	23,900
Deferred HOME Revenue		429,937	377,704
Bank Construction Loans		147,173	140,709
Current Portion of Long-Term Liabilities		56,478	34,766
Total Current Liabilities		\$ 826,196	\$ 689,330
LONG-TERM LIABILITIES			
Paycheck Protection Program Loan		\$ 134,642	\$ ---
Mortgages Payable		423,345	456,896
Capital Lease Payable		5,722	6,927
Less: Current Portion of Long-Term Liabilities		(56,478)	(34,766)
Total Long-Term Liabilities		\$ 507,231	\$ 429,057
Total Liabilities		\$ 1,333,427	\$ 1,118,387
NET ASSETS			
Without Donor Restrictions			
Operating		\$ 1,079,061	\$ 763,505
Board Designated		121,625	121,625
Total Without Donor Restrictions		\$ 1,200,686	\$ 885,130
With Donor Restrictions		388,352	383,524
Total Net Assets		\$ 1,589,038	\$ 1,268,654
TOTAL LIABILITIES AND NET ASSETS		\$ 2,922,465	\$ 2,387,041

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, 2020
(With Summarized Totals for December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE				
Contributions	\$ 239,328	\$ 220,553	\$ 459,881	\$ 521,737
Program Revenue	---	---	---	150
Government Grants	2,247,636	---	2,247,636	2,641,087
Non-Government Grants	290,957	---	290,957	302,058
Fee for Service	198,421	---	198,421	282,171
Proceeds - Real Estate Sold	225,898	26,102	252,000	137,000
Special Event Revenue	27,982	---	27,982	33,524
Special Event Expense	(159)	---	(159)	(2,568)
Contributed Materials	458,148	---	458,148	335,935
Investment Income	7,479	---	7,479	1,899
Rental Income	25,200	---	25,200	12,600
United Way Revenue	115,978	97,066	213,044	267,004
Gain on Sale of Fixed Assets	---	---	---	3,000
Paycheck Protection Program	463,428	---	463,428	---
Miscellaneous Income	8,528	---	8,528	28,325
Net Assets Released from Restrictions	338,893	(338,893)	---	---
Total Revenue	<u>\$ 4,647,717</u>	<u>\$ 4,828</u>	<u>\$ 4,652,545</u>	<u>\$ 4,563,922</u>
EXPENSES				
Program Services				
Youth Development	\$ 1,002,030	\$ ---	\$ 1,002,030	\$ 1,559,985
Housing	1,508,994	---	1,508,994	1,484,236
Older Adults	473,912	---	473,912	458,691
Food Security	452,790	---	452,790	411,882
Muskego Way Forward	58,802	---	58,802	82,409
Management and General	794,956	---	794,956	458,074
Fundraising	40,677	---	40,677	113,460
Total Expenses	<u>\$ 4,332,161</u>	<u>\$ ---</u>	<u>\$ 4,332,161</u>	<u>\$ 4,568,737</u>
CHANGE IN NET ASSETS	\$ 315,556	\$ 4,828	\$ 320,384	\$ (4,815)
Net Assets, Beginning of Year	<u>885,130</u>	<u>383,524</u>	<u>1,268,654</u>	<u>1,273,469</u>
NET ASSETS, END OF YEAR	<u>\$ 1,200,686</u>	<u>\$ 388,352</u>	<u>\$ 1,589,038</u>	<u>\$ 1,268,654</u>

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Totals for the Year Ended December 31, 2019)

EXPENSES	Program	Management and General	Fundraising	Total 2020	Total 2019
Salaries	\$ 1,506,026	\$ 551,051	\$ 28,480	\$ 2,085,557	\$ 2,459,912
Payroll Taxes	218,997	35,655	6,961	261,613	339,067
Pension	19,094	10,407	58	29,559	32,416
Employee Benefits	5,876	3,349	67	9,292	5,710
Subcontractors	465,752	---	---	465,752	472,470
Occupancy	56,914	26,130	583	83,627	80,149
Insurance	27,402	5,861	---	33,263	31,492
Telephone and Internet	14,008	5,961	467	20,436	23,463
Office Supplies	9,197	2,461	---	11,658	27,155
Program Supplies	39,669	6,099	---	45,768	56,786
Food Supplies	50,822	2,969	45	53,836	49,872
Maintenance of Equipment	4,840	159	---	4,999	5,886
Maintenance of Buildings	16,699	4,494	219	21,412	43,852
Non-Capital Property and Equipment	25,551	---	---	25,551	8,866
Cost of Property Sold	493,850	---	---	493,850	270,425
Rental Equipment	11,727	1,160	---	12,887	11,426
Printing and Publication	6,288	(3,080)	900	4,108	10,731
Postage and Shipping	2,147	264	---	2,411	2,698
Meals	260	46	---	306	1,351
Field Trip Expense	401	---	---	401	18,992
Employee Training	3,652	672	---	4,324	6,443
Advertising	2,413	2,274	117	4,804	7,079
Travel	14,107	70	---	14,177	20,720
Vehicle Maintenance and Expense	9,913	834	---	10,747	15,594
Professional Fees	85,058	45,786	104	130,948	139,076
Dues and Subscriptions	400	7,275	---	7,675	7,995
Licenses, Fees and Permits	4,035	11,057	2,531	17,623	20,807
Miscellaneous Expenses	791	10,419	145	11,355	1,778
Depreciation	---	38,411	---	38,411	36,325
Interest Expense	51	25,172	---	25,223	24,266
Contributed Food	400,588	---	---	400,588	335,935
Subtotal	<u>\$ 3,496,528</u>	<u>\$ 794,956</u>	<u>\$ 40,677</u>	<u>\$ 4,332,161</u>	<u>\$ 4,568,737</u>
Special Event Expenses					
Supplies	\$ ---	\$ ---	\$ ---	\$ ---	\$ 163
Printing and Marketing	---	---	---	---	280
Raffle and Entertainment	---	---	---	---	1,985
Donations	---	---	159	159	44
Other	---	---	---	---	96
Total Special Event Expense	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 159</u>	<u>\$ 159</u>	<u>\$ 2,568</u>
Total Expenses	<u>\$ 3,496,528</u>	<u>\$ 794,956</u>	<u>\$ 40,836</u>	<u>\$ 4,332,320</u>	<u>\$ 4,571,305</u>

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, 2020
(With Summarized Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 320,384	\$ (4,815)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Unrealized/Realized (Gain) Loss on Investments	(1,457)	(1,881)
Gain on Sale of Fixed Asset	---	(3,000)
Donated Fixed Assets	(57,560)	---
Depreciation	38,411	36,325
(Increase) Decrease in Accounts Receivable	(1,082)	(4,387)
(Increase) Decrease in Grants Receivable	(179,147)	22,756
(Increase) Decrease in Prepaid Expenses	(9,840)	(360)
(Increase) Decrease in Properties Held for Resale - In Process	(65,075)	(164,496)
Increase (Decrease) in Accounts Payable and Accrued Expenses	3,660	(12,456)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	50,057	(33,864)
Increase (Decrease) in Refundable Advance - Grant	2,740	2,390
Net Cash Provided (Used) by Operating Activities	<u>\$ 101,091</u>	<u>\$ (163,788)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	\$ ---	\$ 3,000
Purchase of Fixed Assets	---	(47,640)
Net Cash Used by Investing Activities	<u>\$ ---</u>	<u>\$ (44,640)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Deferred HOME Revenue	\$ 52,233	\$ 255,410
Proceeds from Bank Construction Loans	52,051	83,143
Proceeds from Paycheck Protect Program Loan	134,642	---
Deposit of HOME Revenue to Escrow	37,780	10,411
Repayment of Mortgages Payable	(33,551)	(31,755)
Repayment of Deferred HOME Revenue	---	(135,927)
Repayment of Bank Construction Loans	(45,588)	(75,844)
Repayment of Capital Lease	(1,205)	(1,155)
Net Cash Provided by Financing Activities	<u>\$ 196,362</u>	<u>\$ 104,283</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 297,453	\$ (104,145)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>330,984</u>	<u>435,129</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 628,437</u>	<u>\$ 330,984</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 25,223	\$ 24,266
Fixed Assets Acquired Under Capital Lease	---	7,024
Donated Fixed Assets	57,560	---

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, 2020

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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) are affirmatively marketed to income-qualifying homeowners. The homes must be sold to households who meet the US Department of Housing and Urban Development (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 that houses Milwaukee Christian Center, Inc. and Affiliates.

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. 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 two classes of net assets: net assets without donor restrictions and net assets with donor 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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 and Pledges 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.

Deposits

Deposits represents cash held by a title company in connection with the construction or rehab of homes.

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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions and Grant Revenue

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

Grants and Contract Revenue

Grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

Functional Expenses

The Organization allocates costs directly to program, management, or fundraising when appropriate. Certain expenses are attributable to one or more programs or supporting functions of the organization. Those expenses include utilities and occupancy which are allocated based on square footage; and salaries which are allocated based on estimates of time and effort.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - Summary of Significant Accounting Policies (continued)

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 2019 in the accompanying consolidated financial statements is included to provide a basis of comparison with 2020. 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, 2019, from which the summarized information was derived.

NOTE C - Future Accounting Pronouncements

Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

Accounting Standards Update 2016-02, Leases (Topic 842) will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20) will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE C - Future Accounting Pronouncements (continued)

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

NOTE D - Liquidity

The Organization has financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date consisting of the following:

Cash and Cash Equivalents	\$ 628,437
Accounts Receivable	10,450
Current Grants Receivable	795,144
Less: Grants Receivable for HOME Program	(26,943)
Less: Amounts Subject to Donor Restrictions	<u>(25,000)</u>
Total	<u>\$1,382,088</u>

The Organization manages liquidity by requesting reimbursement under various grants on a monthly basis. In addition to the financial assets above, the Organization has a line of credit of \$200,000 which is available in the event of a liquidity need.

NOTE E - Conditional Contributions and Grants

The Organization has multiple contracts with the government that include specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of December 31, 2020, the Organization has available grant funds of \$743,272, available for its programs through August 31, 2021. In addition, the Organization has \$38,046 available for its Youthbuild program through May 31, 2022 and \$110,000 available for its Credible Messenger program available through October 31, 2021.

NOTE F - Concentration of Risk

The Organization receives grants from various government agencies whose programs rely on the availability of funding from the United States government. Approximately 48% of the Organization's revenue was from government grants during the year ended December 31, 2020.

The Organization maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Organization's uninsured cash balances total \$233,301.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE G - Grants and Pledges Receivable

Grants and pledges receivable consists of the following amounts as of December 31, 2020:

<u>Source</u>	<u>Amount</u>
United Way of Greater Milwaukee and Waukesha County	\$147,491
Wisconsin Department of Administration - AmeriCorps	54,236
Department of Labor	9,662
Community Advocates - YPA	55,585
Milwaukee County - First-Time Juvenile Offender Program	1,608
City of Milwaukee - CDBG Mbuilds	66,792
City of Milwaukee - CHDO Operating	14,292
City of Milwaukee - CDBG - Kozy	6,453
City of Milwaukee - HOME	26,943
City of Milwaukee - CDBG - Indirect	36,407
City of Milwaukee – Office of Violence Prevention	20,720
University of Wisconsin – Madison	6,025
J. H. Findorff & Son	25,000
Milwaukee Public Schools - Forest Home	78,388
Milwaukee Public Schools – Violence Free Zone Program	154,960
Milwaukee Public Schools – Partnership for the Arts	3,009
Milwaukee County - Department of Aging	85,140
Other	<u>2,432</u>
Total	<u>\$795,144</u>

NOTE H - Fixed Assets

Fixed assets as of December 31, 2020, consist of the following:

Land	\$ 65,500
Buildings and Improvements	800,249
Equipment	206,640
Less: Accumulated Depreciation	<u>(314,165)</u>
Total	<u>\$ 758,224</u>

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE I - Properties Held for Resale

The Organization constructs properties for resale through the CHDO program. The program is 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, 2020</u>
2933 N. 26 th Street	\$110,083
1138 S. 19 th Street	1,572
2942 N. 26 th Street	181,909
2815 N. 22 nd Street	11,171
1579 S. 21 st Street	<u>102,123</u>
Total	<u>\$406,858</u>

The Organization constructs properties for resale through the Youthbuild program. The program is 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, 2020</u>
1009 S. 17 th Street	<u>\$203,504</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	\$406,858
Youthbuild Program	<u>203,504</u>
Total	<u>\$610,362</u>

The Organization anticipates that certain of the above properties with a cost at December 31, 2020 of \$313,587 will be sold within the next year and accordingly, are reported as current assets. The remaining properties with a cost of \$296,775 are reported as other assets.

NOTE J - Investments

Investments are stated at fair value. Net appreciation in the fair value of investments, which consists of the realized and unrealized gains or losses on those investments, is shown in the statement of activities. Investments as of December 31, 2020, consist of the following:

Stocks and Fixed Income Blended Fund	<u>\$13,128</u>
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NOTE K - Fair Value Investments

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stocks and Fixed Income	<u>\$13,128</u>	<u>\$13,128</u>	<u>\$ ---</u>	<u>\$ ---</u>

NOTE L - Deposits

The Organization has a deposit of \$83,741 with Chicago Title Company at December 31, 2020. These funds are held for payment of costs related to the HOME program.

NOTE M - Refundable Advance - Grant

The Organization received funds for the AmeriCorps program of \$26,640 as of December 31, 2020, which will be recognized as revenue in the subsequent year.

NOTE N - 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, 2020, \$273,394 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. Funds drawn as of December 31, 2020, were \$156,543.

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NOTE O - Line of Credit

The Organization has a \$200,000 line of credit available with a local bank that bears interest at 3.62%, which has an open ended due date. The line of credit is secured by the building, which the Organization owns. At December 31, 2020, no amounts were drawn on this line of credit.

NOTE P - Bank Construction Loans

As of December 31, 2020, the Organization had the following outstanding construction loans payable related to property held for resale:

<u>Loan and Location</u>	<u>Balance Outstanding</u>	<u>Interest Rate</u>	<u>Maturity</u>
2933 N. 26 th Street	\$ 3,122	6.00	February 1, 2021
2942 N. 26 th Street	46,778	6.00	February 1, 2021
2815 N. 22 nd Street	36,300	6.00	November 12, 2021
1009 S. 17 th Street	<u>60,973</u>	5.25	March 6, 2021
Total	<u>\$147,173</u>		

The original maturity on these loans are all within the next year and accordingly the balances are reported as current liabilities. The loans maturing in the first quarter of 2021 were amended with maturity dates in the first quarter of 2022.

NOTE Q - Paycheck Protection Program Loan

The Organization was granted a \$598,070 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The organization has recognized \$463,428 as grant revenue for the year ended December 31, 2020. In May 2021, the Organization has received approval for forgiveness of \$463,428. The Organization is required to repay the remaining advance of \$134,642 plus interest accrued at 1% per annum in monthly payments beginning on June 28, 2021. Principal and interest payments will be required through the maturity date, April 28, 2025. Future minimum principal payments for the loan is as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2021	\$ 19,910
2022	34,414
2023	34,764
2024	35,115
2025	<u>10,439</u>
Total	<u>\$134,642</u>

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NOTE R - Mortgages Payable

The Organization obtained a mortgage payable through IFF 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 current interest rate is 5%. The mortgage is secured by the real estate. Principal payments of \$2,505 are due on a monthly basis. The balance due on the mortgage as of December 31, 2020, was \$191,128.

The Organization obtained a mortgage payable through a BMO Harris Bank 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 4.85% and is due October 27, 2022. The mortgage is secured by the building. Principal payments of \$2,118 are due on a monthly basis. The balance due on the mortgage as of December 31, 2020, was \$232,217.

The following is a summary of the mortgages payable as of December 31, 2020:

<u>Lender</u>	<u>Due Date</u>	<u>Rate</u>	<u>Amount</u>
Local Bank	10/27/2022	4.85%	\$232,217
IFF	10/01/2027	5%	<u>191,128</u>
Total			<u>\$423,345</u>

Future minimum principal payments for the mortgages are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2021	\$ 35,301
2022	239,958
2023	23,186
2024	24,372
2025	25,619
Thereafter	<u>74,909</u>
Total	<u>\$423,345</u>

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NOTE S - Capital Lease

The Organization signed a lease for a copier under a capital lease with capitalized cost of \$7,024. Accumulated depreciation for the year ended December 31, 2020, relating to this copier was \$1,463. Depreciation expense reported in the statement of activities includes \$1,405 for the copier under the capital lease. The balance on this lease is \$5,722 as of December 31, 2020. Future minimum principal payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$1,267	\$257	\$1,524
2022	1,332	192	1,524
2023	1,400	124	1,524
2024	1,471	53	1,524
2025	<u>252</u>	<u>2</u>	<u>254</u>
Total	<u>\$5,722</u>	<u>\$628</u>	<u>\$6,350</u>

NOTE T - Operating Leases

The Organization renewed a facilities lease with Milwaukee County Department of Parks, Recreation and Culture in December 2015, with an expiration date of November 1, 2023. During 2020, total lease payments under the lease were \$12,600. The lease can be canceled with a 90-day written notice to the County.

NOTE U - Rental Income

The Organization leased a portion of their building to James Place. The one year lease begins July 1, 2020. During 2020, total income from rent payments under the lease were \$25,200. Future payments totaled \$12,600 to be collected in 2021.

NOTE V - In-Kind Revenue

Donated food and a van with a fair value of \$458,148 was recorded as revenue for the year ended December 31, 2020.

NOTE W - 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 2020. Total 403b defined contribution plan expense for 2020 was \$29,559.

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NOTE X - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following amounts at December 31, 2020:

<u>Program</u>	<u>Amount</u>
United Way	\$ 97,066
Greater Milwaukee Foundation - Youth Collaborative Arts Corps	35,000
ABHMS – Youth Programming	10,000
Bradley Foundation - Violence Free Zone Programs	69,042
J. H. Findorff & Son - YouthBbuild Program	25,000
Northwestern Mutual – Muskego Way Forward	90,589
Pick Trust – COVID related expenditures	6,420
Catholic Community Foundation – Older Adults	4,409
Palmer Trust – Older Adults	9,125
Potawatomi – Older Adults	599
CHDO – Real Estate Sale Proceeds	26,102
Best Buy Foundation – Youth Programming	<u>15,000</u>
Total Net Assets With Donor Restrictions	<u>\$388,352</u>

In addition, at December 31, 2020, the Organization had \$121,625 of board designated net assets.

NOTE Y - Revenue from Contracts with Customers

Fee for Service Revenue

The Organization offers services under the Safe Place Program funded by Milwaukee Public Schools. The program offers homework assistance, tutoring and recreational activities. Fee for service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the services. Fee for service revenue is billed the month the services are provided. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied at the time the services were performed. At December 31, 2020, there were no obligations related to revenue from this contract. For the year ended December 31, 2020, program fee revenue was \$193,846.

The Organization offers services in its youth programs and collects fees from participants. Fee for service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the services. Fee for service revenue is collected at the time the services are provided. Revenue is recognized as the performance obligations are satisfied. Performance obligations are considered to be satisfied at the time the services were performed. At December 31, 2020, there were no obligations related to revenue from these programs. For the year ended December 31, 2020, program fee revenue was \$4,575.

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NOTE Y - Revenue from Contracts with Customers (continued)

Special Events Revenue

The Organization holds fundraising events during the year. Registration fees for the fundraising events are billed to participants at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrants access to the events and event activities. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed. The Organization also provides the opportunity to sponsor events. Registration and sponsorships for the Organization's events opens months before the events are scheduled to be held. Receipts and sponsorships collected in advance of the special events are deferred as contract liabilities until earned when the event is held at which point the revenue is recognized. At December 31, 2020, there were no assets or obligations related to this revenue. For the year ended December 31, 2020, fundraising events revenue was \$27,982.

NOTE Z - Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as the services are provided. Advertising expense for the year ended December 31, 2020, was \$4,804.

NOTE AA - Contingent Liability

Grant funds received under the City of Milwaukee CHDO program are subject to review and adjustment by the City. Certain program revenues may be required to be repaid to the City as a result of the review.

NOTE BB - 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, 2020, 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.

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NOTE CC - Subsequent Events

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, 2020, the date of the most recent statement of financial position, through May 28, 2021, the date the consolidated financial statements are available to be issued. The following subsequent events occurred:

In January 2021, the Organization renewed bank construction loans secured by property at 2933 North 26th Street and 2942 North 26th Street.

In March 2021, the Organization renewed a bank construction loan secured by property at 1009 South 17th Street.

The Organization received a second Paycheck Protection Loan on February 19, 2021, in the amount of \$426,425. The principal and interest on the loan may be forgiven in accordance with the Paycheck Protection Program in accordance with the guidelines of the Small Business Administration. The amount of forgiveness, if any, is not known at this time.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.