

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Summarized Totals for the Year Ended December 31, 2007)

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES

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Independent Auditor's Report

Board of Directors
Milwaukee Christian Center, Inc. and Affiliates

We have audited the accompanying balance sheet of Milwaukee Christian Center, Inc. and Affiliates as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Milwaukee Christian Center, Inc. and Affiliates' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organizations' 2007 financial statements and, in our report dated June 26, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Christian Center, Inc. and Affiliates as of December 31, 2008, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2009, on our consideration of Milwaukee Christian Center, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Milwaukee Christian Center, Inc. and Affiliates taken as a whole. The accompanying schedule of functional unrestricted revenue and expenses, and the schedule of expenditures of federal and state awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Wisconsin *Provider Agency Audit Guide*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 25, 2009

Ritz Holman LLP
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MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
BALANCE SHEET
DECEMBER 31, 2008
(With Summarized Totals for December 31, 2007)

ASSETS	2008	2007
CURRENT ASSETS		
Cash in Banks	\$ 349,147	\$ 223,194
Net Accounts Receivable	61,346	108,634
Grants Receivable	877,836	659,314
Prepaid Expenses	6,995	3,796
Inventory - Supplies	31,742	28,039
Total Current Assets	\$ 1,327,066	\$ 1,022,977
FIXED ASSETS		
Land	\$ 34,088	\$ 34,088
Buildings	722,187	722,187
Office Equipment	109,943	115,105
Vehicles	68,788	68,788
Less: Accumulated Depreciation	(682,733)	(650,153)
Net Fixed Assets	\$ 252,273	\$ 290,015
OTHER ASSETS		
Properties Held for Resale	\$ 594,989	\$ 829,405
Security Deposit	550	550
Total Other Assets	\$ 595,539	\$ 829,955
TOTAL ASSETS	\$ 2,174,878	\$ 2,142,947
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 142,475	\$ 81,527
Accrued Payroll and Payroll Taxes	79,606	84,236
Refundable Advance	105,733	83,420
Security Deposits	790	595
Deferred Revenue	59,535	—
Line of Credit	50,000	50,000
Construction Loans	303,218	454,600
Bank Construction Loans	256,304	409,123
Current Portion of Long-Term Liabilities	13,041	4,012
Total Current Liabilities	\$ 1,010,702	\$ 1,167,513
LONG-TERM LIABILITIES		
Mortgages Payable	\$ 102,592	\$ 107,778
Capital Lease Payable	7,747	12,593
Less: Current Portion of Long-Term Liabilities	(13,041)	(4,012)
Total Long-Term Liabilities	\$ 97,298	\$ 116,359
Total Liabilities	\$ 1,108,000	\$ 1,283,872
NET ASSETS		
Unrestricted		
Operating	\$ 701,755	\$ 522,994
Board Designated	130,114	130,114
Temporarily Restricted	235,009	205,967
Total Net Assets	\$ 1,066,878	\$ 859,075
TOTAL LIABILITIES AND NET ASSETS	\$ 2,174,878	\$ 2,142,947

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, 2008
(With Summarized Totals for the Year Ended December 31, 2007)

	Unrestricted	Temporarily Restricted	Total 2008	Total 2007
REVENUE				
United Way of Greater Milwaukee	\$ 138,893	\$ 122,090	\$ 260,983	\$ 238,215
Community Development Block Grants	724,082	---	724,082	493,589
Other Grants	167,142	---	167,142	150,881
City of Milwaukee CDBG HOME	1,169,163	---	1,169,163	1,253,645
City of Milwaukee - HAP	126,436	---	126,436	166,738
City of Milwaukee - HOME	100,000	---	100,000	128,993
Milwaukee County - Department on Aging	93,550	---	93,550	83,550
State of Wisconsin - Refugee	47,500	---	47,500	20,000
Americorps	132,603	---	132,603	145,776
State of Wisconsin - Department of Commerce	46,000	---	46,000	62,203
Freshstart - HUD	117,452	---	117,452	244,226
Foundation Grants	39,044	21,400	60,444	104,147
First-Time Juvenile Offender Program	279,620	---	279,620	345,898
House Sales	1,460,500	91,519	1,552,019	571,204
Program Fees	432,694	---	432,694	176,637
Fund-Raising Events Fund-Raising Income	17,725	---	17,725	13,067
Investment Income	766	---	766	2,532
Rental Income	9,661	---	9,661	1,126
Contributions	64,453	---	64,453	103,111
Fee for Service	143,293	---	143,293	101,555
Other Revenue	23,816	---	23,816	22,679
Net Assets Released From Restrictions	205,967	(205,967)	---	---
Total Revenue	\$ 5,540,360	\$ 29,042	\$ 5,569,402	\$ 4,429,772
EXPENSES				
Program Services Social Services	\$ 1,142,364	\$ ---	\$ 1,142,364	\$ 1,298,534
Housing Repair and Graffiti Removal	3,752,160	---	3,752,160	2,647,779
Management and Supporting Services	321,697	---	321,697	259,336
Fund-Raising	145,378	---	145,378	116,618
Total Expenses	\$ 5,361,599	\$ ---	\$ 5,361,599	\$ 4,322,267
CHANGE IN NET ASSETS	\$ 178,761	\$ 29,042	\$ 207,803	\$ 107,505
Net Assets, Beginning of Year	653,108	205,967	859,075	751,570
NET ASSETS, END OF YEAR	\$ 831,869	\$ 235,009	\$ 1,066,878	\$ 859,075

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, 2008
(With Summarized Totals for the Year Ended December 31, 2007)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 207,803	\$ 107,505
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	37,822	35,330
(Increase) Decrease in Net Accounts Receivable	47,288	(17,982)
(Increase) Decrease in Grants Receivable	(218,522)	(6,430)
(Increase) Decrease in Prepaid Expenses	(3,199)	1,301
(Increase) Decrease in Inventory - Supplies	(3,703)	2,821
(Increase) Decrease in Properties Held for Resale	234,416	(285,106)
Increase (Decrease) in Accounts Payable and Accrued Expenses	60,948	(46,348)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	(4,630)	(11,077)
Increase (Decrease) in Refundable Advance	22,313	(11,883)
Increase (Decrease) in Security Deposits	195	595
Increase (Decrease) in Deferred Revenue	59,535	(1,489)
Net Cash Provided (Used) by Operating Activities	\$ 440,266	\$ (232,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (4,088)	\$ (108,115)
Sale of Fixed Assets	4,008	---
Net Cash Used by Investing Activities	\$ (80)	\$ (108,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Mortgage	\$ ---	\$ 80,000
Proceeds From Construction Loan	114,510	92,751
Proceeds From Bank Construction Loans	183,610	181,807
Repayment of Mortgage	(5,186)	(1,978)
Repayment of Construction Loans	(265,892)	---
Repayment of Bank Construction Loans	(336,429)	---
Repayment of Capital Lease	(4,846)	(4,406)
Net Cash (Used) Provided by Financing Activities	\$ (314,233)	\$ 348,174
Net Increase in Cash and Cash Equivalents	\$ 125,953	\$ 7,296
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	223,194	215,898
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 349,147	\$ 223,194
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 12,382	\$ 9,945

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2008

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE A - Summary of Significant Accounting Policies

Organization

Milwaukee Christian Center, Inc. is incorporated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is considered to be other than a private foundation. The Organization serves Milwaukee's south side community in order that problems are solved, lives are enriched, and families are strengthened.

MCC-YB, 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 at Journey House for half 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.

MCC-CHDO, LLC is a Community Housing Development Organization which produces affordable housing for sale to income eligible homeowners. This includes both in fill housing, the construction of new homes on vacant lots, and the acquisition and rehabilitation of existing homes. Both categories of houses (rehab or new) 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.

Combined Financial Statements

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

Accounting Method

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

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.

Refundable Advances

Refundable Advances represents advances of funds from various funding sources to Milwaukee Christian Center, Inc. and Affiliates to be recognized in the subsequent year.

Government Grants

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE A - Summary of Significant Accounting Policies (continued)

Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards SFAS No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

At December 31, 2008, the Organization had \$122,090 of temporarily time- and purpose-restricted net assets and \$112,919 of temporarily purpose-restricted net assets.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statement of Activities as net assets released from 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.

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.

Inventory

Inventory consists of building supplies which is recorded at estimated average value.

Contributions

Milwaukee Christian Center Inc. and Affiliates account for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

NOTE B - Comparative Financial Information

The financial information shown for 2007 in the accompanying financial statements is included to provide a basis of comparison with 2008 and presents summarized totals only.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE C - Net Accounts Receivable

Net Accounts Receivable consists primarily of fees from program services. At December 31, 2008, the allowance for doubtful accounts balance was \$1,370.

NOTE D - Grants Receivable

Grants Receivable consists of the following amounts as of December 31, 2008:

<u>Source</u>	<u>Amount</u>
United Way	\$122,090
Milwaukee County - Department on Aging	52,528
City of Milwaukee CDBG - Youth Recreation	19,877
Milwaukee County - First-Time Juvenile Offender Program	4,776
Milwaukee County CDBG - Kids Place	6,003
City of Milwaukee CDBG - Crime Reduction/Prevention	6,264
Social Development Commission	3,675
Safe and Sound	6,265
Milwaukee County - TRACKER	9,722
Fighting Back, Inc. - Brighter Futures	18,407
Youthbuild - HUD	1,128
Milwaukee Public Schools	3,274
Department of Workforce Development	22,718
State of Wisconsin -	
Department of Commerce	21,000
Americorps	42,019
City of Milwaukee - HAP	26,532
City of Milwaukee - CDBG-NIP	128,386
City of Milwaukee - HOME	369,387
City of Milwaukee Health Department	12,600
Other	<u>1,185</u>
Total	<u>\$877,836</u>

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE E - Properties Held for Resale

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

<u>Location</u>	<u>Balance as of December 31, 2008</u>
714 S. 39 th Street	\$ 226,042
3163 N. 40 th Street	89,991
1428 S. Comstock Street	101,750
1315 S. 21 st Street	40,302
2223 S. 18 th Street	200
1977 S. 11 th Street	<u>314</u>
Total	<u>\$ 458,599</u>

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

<u>Location</u>	<u>Balance as of December 31, 2008</u>
1319 S. 22 nd Street	\$ 19,551
1900 W. Arrow Street	116,468
2337 S. 11 th Street	<u>371</u>
Total	<u>\$136,390</u>

NOTE F - Refundable Advance

Milwaukee Christian Center, Inc. and Affiliates received the following amounts as of December 31, 2008, to be recognized as revenue in the subsequent year:

<u>Source</u>	<u>Amount</u>
Americorps	\$ 23,100
City of Milwaukee CDBG - NIP	82,735
Other	<u>(102)</u>
Total	<u>\$105,733</u>

NOTE G - Line of Credit

The Organization has a \$50,000 line of credit available with Marshall & Ilsley Bank that bears interest at the prime rate plus 1%. At December 31, 2008, a total of \$50,000 was drawn on the line of credit.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE H - Construction Loans

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, 2008, \$176,479 was drawn on this account.

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, 2008, \$126,739 was drawn on this account.

NOTE I - Bank Construction Loans

As of December 31, 2008, Milwaukee Christian Center, Inc. and Affiliates had the following outstanding mortgages payable:

A \$68,800 mortgage from a bank secured by property at 1428 S. Comstock Street. Interest of 7.75% will be payable monthly. The principal balance of \$56,675 will be due on February 1, 2037.

A \$72,000 mortgage from a bank secured by property at 3163 N. 40th Street. Interest of 7.75% will be payable monthly. The principal balance of \$35,616 will be due on February 1, 2037.

A \$129,600 mortgage from a bank secured by property at 714 S. 39th Street. Interest of 7.00% will be payable monthly. The principal balance of \$129,368 will be due September 21, 2037.

A \$72,000 mortgage from a bank secured by property at 1315 S. 21st Street. Interest of 6.25% will be payable monthly. The principal balance of \$33,902 will be due April 29, 2009.

A \$30,000 mortgage from a bank secured by property at 1900 W. Arrow Street. Interest of variable plus 4.25% will be payable monthly. The principal balance of \$743 will be due December 7, 2009.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE J - Mortgages Payable

The following is a summary of Mortgages Payable as of December 31, 2008:

<u>Lender</u>	<u>Due Date</u>	<u>Rate</u>	<u>Amount</u>
American Baptist Church of Wisconsin	08/15/2026	6.6%	\$ 28,176
U.S. Bank	06/05/2017	7.9%	30,173
U.S. Bank	10/05/2014	9.1%	26,046
U.S. Bank	06/05/2017	7.9%	<u>18,197</u>
Total			<u>\$102,592</u>

Future minimum payments are as follows:

2009	\$ 7,703
2010	7,607
2011	6,768
2012	7,364
2013	7,566
Thereafter	<u>65,584</u>
Total	<u>\$102,592</u>

NOTE K - Capital Lease

The Organization leases a telephone system and a copier which have been capitalized. Minimum future payments are as follows:

2009	\$5,338
2010	<u>2,409</u>
Total	<u>\$7,747</u>

NOTE L - 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 55% of the Organization's revenue was from government grants as of December 31, 2008.

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 period immediately preceding an employee's period of employment with Milwaukee Christian Center, Inc. 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 makes monthly contributions of 6% of eligible employees' monthly gross wages. Contributions totaled \$87,378 in 2008.

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE N - Operating Lease

The Organization leased facilities on a month-to-month basis for the Neighborhood Improvement Project, which provides home repairs to eliminate existing code violations for qualifying homeowners living on the south side of Milwaukee. During 2008, total lease payments were \$41,597.

The Organization leases space within Kosciusko Community Center from Milwaukee County under a three-year lease which expires December 31, 2010, with an option to extend the term by two additional one-year periods.

Minimum future rental payments under a non-cancelable operating lease as of December 31, 2008, are:

<u>Year Ending December 31,</u>	<u>Amount</u>
2009	\$ 4,200
2010	<u>5,100</u>
Total	<u>\$ 9,300</u>

NOTE O - Temporarily Restricted Net Assets

Temporarily Restricted Net Assets consist of the following amounts at December 31, 2008:

<u>Program</u>	<u>Amount</u>
United Way	\$ 122,090
Foundations	21,400
CHDO Property Income	40,079
Youth Build Property Income	<u>51,440</u>
Total Temporarily Restricted Net Assets	<u>\$235,009</u>

NOTE P - Related Party

The Organization rented vehicles and received snow plowing from a company co-owned by the brother of its NIP director. The amount paid was \$46,487 for the year ended December 31, 2008.

NOTE Q - Subsequent Events

The Organization sold the following property during 2009:

714 S. 39th Street on May 29, 2009 for \$134,000

The Organization has a \$100,000 line of credit with LISC. In May 2009, it was drawn upon.

MILWAUKEE CHRISTIAN CENTER AND AFFILIATES
SCHEDULE OF FUNCTIONAL UNRESTRICTED REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008
 (With Summarized Totals for the Year Ended December 31, 2007)

	Human Services	CDBG Grants	City of Milwaukee HOME	City of Milwaukee HAP	Milwaukee Public Schools	Fresh Start	Milwaukee County	State Refugee Grant	Other Grants and Revenue	Total 2008	Total 2007
REVENUE											
United Way of Greater Milwaukee	\$ 129,848	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,045	\$ 138,893	\$ 125,507
Community Development Block Grants	--	724,082	--	--	--	--	--	--	--	724,082	493,589
Other Grants	--	--	--	--	--	--	--	--	167,142	167,142	150,881
City of Milwaukee CDBG	--	--	1,169,163	--	--	--	--	--	--	1,169,163	1,253,645
HOME	--	--	--	126,436	--	--	--	--	--	126,436	166,738
City of Milwaukee - HAP	--	--	--	--	--	100,000	--	--	--	100,000	128,993
City of Milwaukee - HOME	--	--	--	--	--	--	93,550	--	--	93,550	83,550
Milwaukee County - Department on Aging	--	--	--	--	--	--	--	47,500	--	47,500	20,000
State of Wisconsin - Refugee	--	--	--	--	--	132,603	--	--	--	132,603	145,776
Americorps	--	--	--	--	--	--	--	--	--	--	--
State of Wisconsin -	--	--	--	--	--	--	--	--	--	--	--
Department of Commerce	--	--	--	--	--	46,000	--	--	--	46,000	62,203
Freshstart - HUD	--	--	--	--	--	117,452	--	--	--	117,452	244,226
Foundation Grants	--	--	--	--	--	--	--	--	39,044	39,044	24,926
First-Time Juvenile Offender Program	--	--	--	--	80,267	--	--	--	199,353	279,620	345,898
House Sales	--	--	--	--	--	1,460,500	--	--	--	1,460,500	557,549
Program Fees	--	--	--	--	127,808	29,886	201,220	--	73,780	432,694	176,637
Fund-Raising Events	--	--	--	--	--	--	--	--	17,725	17,725	13,067
Income	--	--	--	--	--	4	--	--	754	766	2,532
Investment Income	--	8	--	--	--	--	--	--	9,661	9,661	1,126
Rental Income	--	--	--	--	--	--	--	--	60,652	64,453	102,728
Contributions	3,801	--	--	--	--	--	--	--	126,912	143,293	101,555
Fee for Service	--	--	16,381	--	--	--	--	--	22,006	23,816	22,679
Other Revenue	1,810	--	--	--	--	--	--	--	79,604	205,967	150,164
Net Assets Released From Restrictions	112,708	--	--	--	--	13,655	--	--	--	--	--
Total Revenue (carried forward)	\$ 248,167	\$ 724,090	\$ 1,185,544	\$ 126,436	\$ 208,075	\$ 1,900,100	\$ 294,770	\$ 47,500	\$ 805,678	\$ 5,540,360	\$ 4,373,969

MILWAUKEE CHRISTIAN CENTER AND AFFILIATES
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Summarized Totals for the Year Ended December 31, 2007)

	Human Services	CDBG Grants	City of Milwaukee HOME	City of Milwaukee HAP	Milwaukee Public Schools	Fresh Start	Milwaukee County	State Refugee Grant	Other Grants and Revenue	Total 2008	Total 2007
Total Revenue (brought forward)	\$ 248,167	\$ 724,090	\$ 1,185,544	\$ 126,436	\$ 208,075	\$ 1,900,100	\$ 294,770	\$ 47,500	\$ 805,678	\$ 5,540,360	\$ 4,373,969
EXPENSES											
Salaries and Wages	\$ 107,521	\$ 346,257	\$ 415,107	\$ 55,168	\$ 73,468	\$ 290,062	\$ 176,915	\$ 30,851	\$ 638,280	\$ 2,133,629	\$ 1,757,475
Pension	4,690	13,026	20,298	2,813	---	6,965	5,794	2,527	31,245	87,378	78,427
Employee Benefits	13,067	33,725	28,813	7,958	---	12,353	8,489	---	29,437	133,842	131,224
Payroll Taxes	11,492	59,304	92,926	10,888	8,538	51,109	17,697	3,239	72,328	327,521	213,856
Professional Fees and Contracted Services	1,365	30,034	---	1,752	729	7,456	6,803	6,300	64,765	119,204	93,370
Office Supplies	7,411	9,257	---	525	74	890	1,136	---	6,980	26,273	21,305
Program Supplies	3,971	36,876	179,163	14,479	1,942	11,103	236	---	44,165	291,935	228,970
Food	15,333	209	---	---	2,304	1,636	10,957	---	12,431	42,870	37,388
Uniforms	---	793	130	15	---	1,704	---	---	999	3,641	2,373
Telephone	494	5,514	3,271	424	---	2,450	4,280	---	11,450	27,883	23,448
Internet Expense	---	770	---	42	---	45	---	---	1,199	2,056	2,183
Postage	164	1,014	---	64	---	72	---	---	2,232	3,546	5,087
Printing and Publications	1,391	297	116	16	---	19	986	---	13,564	16,389	18,342
Occupancy	26,545	61,603	---	3,572	33	5,467	4,334	10	40,706	142,270	104,350
Subcontractors	---	18,670	363,890	18,711	---	10,876	---	---	19,063	431,210	513,062
Tool Expense	3,214	288	12,348	84	---	2,166	---	---	1,788	16,654	25,923
Equipment Rental and Maintenance	---	3,652	875	192	---	1,795	52	---	3,017	12,797	17,028
Depreciation Expense	---	---	---	---	---	---	---	---	37,822	37,822	35,330
Travel	927	2,135	446	517	---	2,527	3,120	---	10,042	19,714	16,877
Vehicle Expense	1,188	7,616	42,849	6,998	---	7,439	699	---	11,624	78,413	69,894
Field Trip Expense	610	9,472	---	---	---	---	---	---	10,403	20,485	10,162
Interest Expense	---	893	1,862	58	---	111	---	---	9,458	12,382	9,945
Insurance	3,898	12,883	11,778	1,889	---	4,070	---	---	20,760	55,278	49,784
Dues and Subscriptions	218	3,558	---	110	---	124	---	---	8,216	12,226	9,253
Training	1,316	901	3,745	56	124	2,599	512	---	2,517	11,770	12,841
Licenses and Fees	376	836	2,658	1,091	---	(456)	1,200	---	11,514	16,019	14,873
Advertising	---	737	---	46	---	310	---	---	2,295	4,588	3,016
Bank Charges	45	2,413	---	148	---	167	---	---	225	2,998	2,383
Rebate Reimbursement	---	15,289	30	---	---	---	---	---	---	15,319	6,559
Non-Capitalized Equipment	2,660	1,639	---	108	---	115	490	---	11,313	16,325	12,831
Administrative	22,075	37,323	---	7,223	9,506	30,013	26,834	4,573	(147,747)	(10,200)	(28,329)
Cost of Properties Sold	---	---	---	---	---	1,222,927	---	---	---	1,222,927	460,120
Cost of Properties in Progress	---	---	---	---	---	---	---	---	---	---	7,191
Grant to MCC-CHDO, LLC	---	---	---	---	---	---	---	---	---	---	128,993
Grant to MCC-YB, LLC	---	---	---	---	---	---	---	---	---	---	216,922
Participant Workshops	---	---	---	---	---	---	---	---	---	---	---
Other Expenses	297	139	171	3	---	98	3	---	25,625	26,336	9,811
Total Expenses	\$ 230,268	\$ 717,103	\$ 1,180,575	\$ 134,950	\$ 96,718	\$ 1,676,232	\$ 270,537	\$ 47,500	\$ 1,007,716	\$ 5,361,599	\$ 4,322,267
CHANGE IN ASSETS	\$ 17,899	\$ 6,987	\$ 4,969	\$ (8,514)	\$ 111,357	\$ 223,868	\$ 24,233	\$ ---	\$ (202,038)	\$ 178,761	\$ 51,702
Change in Inventory	---	---	---	---	---	---	---	---	---	\$ 3,703	\$ (2,821)

MILWAUKEE CHRISTIAN CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL EXPENDITURES			
U.S. Department of Agriculture			
Wisconsin Department of Children and Family Services			
Hunger Task Force			
Wisconsin Commodity Supplemental Food Program	10.565		\$ 3,518
U.S. Department of Housing and Urban Development -			
Youthbuild Implementation	17.274	---	117,452
City of Milwaukee Community Development Block			
Grant			
Various	14.218	---	885,518
City of Milwaukee			
Home Funds	14.239	---	1,319,959
CHDO Funds	14.239		381,641
U.S. Department of Justice			
Milwaukee Public Schools			
Summer Stars	16.541	---	3,000
U.S. Department of Health and Human Services			
Milwaukee County Department on Aging			
SE Asian - AM	93.667	561	17,854
Nutrition Site Supervision	93.045	560350	20,528
CMU Service Contract	93.778	---	201,220
State of Wisconsin Department of Workforce			
Development			
Older Refugee Services	93.566	---	47,500
Milwaukee County Department of Health and Human			
Services - Delinquency and Court Services			
First-Time Juvenile Offender Program	93.645	---	199,353
Fighting Back, Inc.			
Brighter Futures Initiative	93.959	---	67,300
Wisconsin National and Community Service Board	94.006	---	132,603
			<u>\$ 3,397,446</u>
STATE EXPENDITURES			
U.S. Department of Health and Human Services -			
Milwaukee County Department on Aging -			
SE Asian - AM		561	\$ 35,696
Nutrition Site Supervision		560350	19,472
City of Milwaukee Health Department			
Tobacco Control		158116	12,600
			<u>\$ 67,768</u>

The accompanying note is an integral part of this schedule.

MILWAUKEE CHRISTIAN CENTER, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state activity of Milwaukee Christian Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Wisconsin *Provider Agency Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards and the Wisconsin Provider Agency Audit Guide

To the Board of Directors of
Milwaukee Christian Center, Inc.

We have audited the financial statements of Milwaukee Christian Center, Inc. as of and for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Wisconsin Provider Agency Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Milwaukee Christian Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as Item 2008-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

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Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133

To the Board of Directors of
Milwaukee Christian Center, Inc.

Compliance

We have audited the compliance of Milwaukee Christian Center, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. Milwaukee Christian Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Milwaukee Christian Center, Inc.'s management. Our responsibility is to express an opinion on Milwaukee Christian Center, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Milwaukee Christian Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Milwaukee Christian Center, Inc.'s compliance with those requirements.

In our opinion, Milwaukee Christian Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of Milwaukee Christian Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Milwaukee Christian Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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**MILWAUKEE CHRISTIAN CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditor's report issued? | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|-----------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 5. Type of auditor's report issued on compliance for major programs? | Unqualified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | No |
| 7. Identification of major programs: | <u>CFDA No.</u> |
| Home Investment Partnership Program | 14.239 |
| 8. Dollar threshold used to distinguish between Type A and Type B programs? | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

**MILWAUKEE CHRISTIAN CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

B. FINANCIAL STATEMENT FINDINGS

Item 2008-1 Adjusting Journal Entries

City of Milwaukee - HOME,
CFDA # 14.239, Home Investment Partnership Program

Statement of Condition:

The entries to record certain accounting transactions were not fully recorded in the accounting system. Significant entries which adjust balances for activity were necessary for the following balances: net assets. The recommended journal entries will significantly change the audited financial statements numbers from those used during the year. The combination of the journal entries noted above would result in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe deficiencies in the accounting that required entries to net assets constitute a material weakness.

Cause:

The necessary journal entries were not done throughout the year.

Effect:

The financial statements used throughout the year did not accurately report the Organization's financial status.

Criteria:

The Organization shall record journal entries throughout the year to accurately report its financial status.

Recommendation:

It is recommended that the Organization record its necessary journal entries throughout the year.

Management Response:

The Milwaukee Christian Center, Inc. has been made aware of issues that arose in 2008 with our accountability of net assets.

Accounting personnel and procedures have been put into place to record all audit adjustments in a timely manner.

C. FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

D. SUMMARY OF PRIOR AUDIT FINDINGS

Item 2007-1 All property loans were not recorded on the books for CHDO, LLC. and a HOME advance was not taken as revenue when a property was sold.

The Organization has corrected this prior finding.

MILWAUKEE CHRISTIAN CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

E. OTHER ISSUES

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?

No

2. Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the Wisconsin *Provider Agency Audit Guide*:

Department of Children and Families

N/A

Department of Health Services

N/A

Department of Workforce Development

Yes

Department of Corrections

N/A

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?

Yes

4. Name and signature of partner



ANDREW C. HOLMAN

5. Date of report

June 25, 2009