

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(With Summarized Totals for the Year Ended December 31, 2005)



RITZ, HOLMAN, BUTALA, FINE LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2006, 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' 2005 financial statements and, in our report dated May 31, 2006, 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, 2006, 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 28, 2007, on our consideration of Milwaukee Christian Center, Inc. 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, schedules of 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 *Provider Agency Audit Guide*, 1999 revision, issued by the Wisconsin Departments of Health and Family Services, Workforce Development, and Corrections, 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, BUTALA, FINE LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 28, 2007



America Counts on CPAs

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
BALANCE SHEET
DECEMBER 31, 2006
(With Summarized Totals for December 31, 2005)

ASSETS	2006	2005
CURRENT ASSETS		
Cash in Banks	\$ 215,898	\$ 124,530
Net Accounts Receivable	90,652	66,389
Grants Receivable	652,884	766,052
Prepaid Expenses	5,097	11,693
Inventory - Supplies	30,860	29,339
Total Current Assets	\$ 995,391	\$ 998,003
FIXED ASSETS		
Land	\$ 30,800	\$ 30,800
Buildings	653,203	595,597
Office Equipment	100,479	97,513
Vehicles	50,722	50,722
Less: Accumulated Depreciation	(617,974)	(591,971)
Net Fixed Assets	\$ 217,230	\$ 182,661
OTHER ASSETS		
Properties Held for Resale	\$ 544,299	\$ 101,714
Security Deposit	550	550
Total Other Assets	\$ 544,849	\$ 102,264
TOTAL ASSETS	\$ 1,757,470	\$ 1,282,928
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 127,875	\$ 271,924
Accrued Payroll and Payroll Taxes	95,313	69,163
Refundable Advance	95,303	58,702
Deferred Revenue	1,489	—
Line of Credit	50,000	13,616
Construction Loans	361,849	88,097
Bank Construction Loans	227,316	—
Current Portion of Long-Term Liabilities	4,406	4,012
Total Current Liabilities	\$ 963,551	\$ 505,514
LONG-TERM LIABILITIES		
Mortgage Payable	\$ 29,756	\$ 6,260
Capital Lease Payable	16,999	21,012
Less: Current Portion of Long-Term Liabilities	(4,406)	(4,012)
Total Long-Term Liabilities	\$ 42,349	\$ 23,260
Total Liabilities	\$ 1,005,900	\$ 528,774
NET ASSETS		
Unrestricted		
Operating	\$ 420,081	\$ 422,658
Board Designated	181,325	173,419
Temporarily Restricted	150,164	158,077
Total Net Assets	\$ 751,570	\$ 754,154
TOTAL LIABILITIES AND NET ASSETS	\$ 1,757,470	\$ 1,282,928

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, 2006
(With Summarized Totals for the Year Ended December 31, 2005)

	Unrestricted	Temporarily Restricted	Total 2006	Total 2005
REVENUE				
United Way of Greater Milwaukee	\$ 116,584	\$ 114,402	\$ 230,986	\$ 227,867
Community Development Block Grants	548,459	---	548,459	525,658
Other Grants	181,587	9,650	191,237	298,559
City of Milwaukee CDBG				
HOME	1,126,844	---	1,126,844	1,101,942
City of Milwaukee - HAP	150,000	---	150,000	164,017
City of Milwaukee - HOME	79,007	---	79,007	---
Milwaukee County - Department of Aging	83,550	---	83,550	83,550
State of Wisconsin - Refugee	22,595	---	22,595	25,599
Americorps	40,840	---	40,840	---
State of Wisconsin -				
Department of Commerce	39,172	---	39,172	23,466
Freshstart - HUD	158,257	---	158,257	120,550
Foundations Grants	23,804	26,112	49,916	88,195
First Time Juvenile Offender Program	326,776	---	326,776	232,558
House Sales	193,536	---	193,536	---
Program Fees	236,969	---	236,969	295,160
Fund-Raising Events				
Fund-Raising Income	6,514	---	6,514	6,195
Investment Income	3,101	---	3,101	2,764
Rental Income	450	---	450	450
Contributions	100,209	---	100,209	74,667
Fee for Service	89,591	---	89,591	112,699
Other Revenue	13,669	---	13,669	13,403
Loss on Disposal of Fixed Assets	---	---	---	(1,321)
Net Assets Released From Restrictions	158,077	(158,077)	---	---
Total Revenue	<u>\$ 3,699,591</u>	<u>\$ (7,913)</u>	<u>\$ 3,691,678</u>	<u>\$ 3,395,978</u>
EXPENSES				
Program Services				
Social Services	\$ 1,069,598	\$ ---	\$ 1,069,598	\$ 1,292,077
Housing Repair and Graffiti Removal	2,299,756	---	2,299,756	1,785,502
Management and Supporting Services	221,656	---	221,656	203,048
Fund-Raising	103,252	---	103,252	91,012
Total Expenses	<u>\$ 3,694,262</u>	<u>\$ ---</u>	<u>\$ 3,694,262</u>	<u>\$ 3,371,639</u>
CHANGE IN NET ASSETS	\$ 5,329	\$ (7,913)	\$ (2,584)	\$ 24,339
Net Assets, Beginning of Year	<u>596,077</u>	<u>158,077</u>	<u>754,154</u>	<u>729,815</u>
NET ASSETS, END OF YEAR	<u>\$ 601,406</u>	<u>\$ 150,164</u>	<u>\$ 751,570</u>	<u>\$ 754,154</u>

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, 2006
(With Summarized Totals for the Year Ended December 31, 2005)

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (2,584)	\$ 24,339
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	26,003	14,228
Loss on Disposal of Fixed Assets	---	1,321
(Increase) Decrease in Net Accounts Receivable	(24,263)	15,700
(Increase) Decrease in Grants Receivable	113,168	(37,687)
(Increase) Decrease in Prepaid Expenses	6,596	3,344
(Increase) Decrease in Inventory - Supplies	(1,521)	21,116
(Increase) Decrease in Properties Held for Resale	(442,585)	(61,747)
(Increase) Decrease in Security Deposit	---	724
Increase (Decrease) in Accounts Payable and Accrued Expenses	(144,049)	143,579
Increase (Decrease) in Accrued Payroll and Payroll Taxes	26,150	(4,942)
Increase (Decrease) in Refundable Advance	36,601	(33,468)
Increase (Decrease) in Deferred Revenue	1,489	---
	<u>\$ (404,995)</u>	<u>\$ 86,507</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (60,572)	\$ (109,636)
Proceeds From Sale of Investments	---	5
	<u>\$ (60,572)</u>	<u>\$ (109,631)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Mortgage	\$ 30,000	\$ ---
Proceeds From Line of Credit	50,000	---
Proceeds From Construction Loan	273,752	48,130
Proceeds From Bank Construction Loans	227,316	---
Repayment of Mortgage	(6,504)	(2,371)
Repayment of Line of Credit	(13,616)	(70,895)
Repayment of Capital Lease	(4,013)	20,578
	<u>\$ 556,935</u>	<u>\$ (4,558)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 91,368	\$ (27,682)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>124,530</u>	<u>152,212</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 215,898</u>	<u>\$ 124,530</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 5,357	\$ 5,387

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

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

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 as being 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, 2006

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, 2006, the Organization had \$114,402 of temporarily time-restricted net assets and \$35,762 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 to 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.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE B - Comparative Financial Information

The financial information shown for 2005 in the accompanying financial statements is included to provide a basis of comparison with 2006 and presents summarized totals only.

NOTE C - Concentration of Credit Risk

The Organization's checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 2006, cash balances at a single bank exceeded the insured limit by \$145,038.

NOTE D - Net Accounts Receivable

Net Accounts Receivable consists primarily of fees from program services. At December 31, 2006, the allowance for doubtful accounts balance was \$1,727.

NOTE E - Grants Receivable

Grants Receivable consists of the following amounts as of December 31, 2006:

<u>Source</u>	<u>Amount</u>
United Way	\$114,402
Milwaukee County - Department on Aging	17,463
City of Milwaukee CDBG - Youth Recreation	11,835
Milwaukee County - First Time Juvenile Offender Program	3,454
State of Wisconsin - Older Refugee	11,677
City of Milwaukee CDBG - Crime Reduction/Prevention	4,979
Children's Outing Association	6,276
Social Development Commission	11,258
Safe and Sound	23,500
Milwaukee County - TRACKER	28,848
Fighting Back, Inc. - Brighter Futures	24,163
Youthbuild - HUD	26,335
State of Wisconsin - Department of Commerce	9,905
Americorps	14,414
City of Milwaukee - CDBG-NIP	123,020
City of Milwaukee - CHDO	23,339
City of Milwaukee - NIP	188,016
City of Milwaukee Health Department	<u>10,000</u>
Total	<u>\$652,884</u>

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE F - Properties Held for Resale

The Organization is constructing 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 12/31/2006</u>
1424 S. Comstock Street	\$ 99,528
725 S. 21 st Street	103,961
2324 S. 16 th Street	111,515
2328 S. 16 th Street	111,987
1428 S. Comstock Street	1,870

The Organization is constructing 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 12/31/06</u>
2049-51 S. 15 th Street	\$34,495
2045-47 S. 15 th Street	80,943

NOTE G - Refundable Advance

Milwaukee Christian Center, Inc. and Affiliates received the following amount as of December 31, 2006, to be recognized as revenue in the subsequent year:

<u>Source</u>	<u>Amount</u>
Americorps	\$17,244
City of Milwaukee CDBG - NIP	<u>78,059</u>
Total	<u>\$95,303</u>

NOTE H - Line of Credit

The Organization has available a \$50,000 line of credit with Marshall & Ilsley Bank that bears interest at the prime rate plus 1%. At December 31, 2006, a total of \$50,000 was drawn upon the line of credit.

NOTE I - 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, 2006, \$239,734 was drawn on this account.

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE I - Construction Loans (Continued)

The United States Department of Housing and Urban Development (HUD) also allocated funds to be used as a subsidy for the construction of 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, 2006, \$122,114 was drawn on this account.

NOTE J - Bank Construction Loans

As of December 31, 2006, Milwaukee Christian Center, Inc. and Affiliates had the following outstanding mortgages payable:

A \$64,000 mortgage from a bank secured by property at 1424 S. Comstock Street. Interest of prime + 1% will be payable monthly. The principal balance of \$51,795 will be due on May 16, 2007.

A \$160,000 mortgage from a bank secured by property at 725 S. 21st Street. Interest of prime + 1% will be payable monthly. The principal balance of \$58,152 will be due on August 22, 2007.

A \$30,000 mortgage from a bank secured by property at 2049-51 S. 15th Street. Interest of prime + 1% will be payable monthly. The principal balance of \$803 will be due on November 17, 2007.

A \$29,985 mortgage from a bank secured by property at 2045-47 S. 15th Street. Interest of prime + 1% will be payable monthly. The principal balance of \$691 will be due May 9, 2007.

A \$125,600 mortgage from a bank secured by properties at 2324 S. 16th Street. Interest of 8.75% will be payable monthly. The principal balance of \$57,944 will be due August 29, 2007.

A \$125,600 mortgage from a bank secured by a property at 2328 S. 16th Street. Interest of 8.75% will be payable monthly. The principal balance of \$57,931 will be due August 29, 2007.

NOTE K - Mortgage Payable

The following is a summary of Mortgage Payable as of December 31, 2006:

<u>Lender</u>	<u>Due Date</u>	<u>Rate</u>	<u>Amount</u>
American Baptist Church of Wisconsin	8/15/2026	6.6%	<u>\$29,756</u>
Total			<u>\$29,756</u>

MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE L - Capital Lease

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

2007	\$ 4,406
2008	4,846
2009	5,338
2010	<u>2,409</u>
Total	<u>\$16,999</u>

NOTE M - 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 69% of the Organization's revenue was from government grants as of December 31, 2006.

NOTE N - 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 \$74,352 in 2006.

NOTE O - 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 2006, total lease payments were \$39,246.

The Organization entered into a lease with Milwaukee County to lease space within the Kosciuszko Community Center. The lease expires August 31, 2007. During 2006, total lease payments were \$2,577. The amount of lease payments for the next year is:

2007	\$1,600
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NOTE P - Related Party

The Organization rented vehicles from a company co-owned by the brother of its NIP director. The amount paid was \$34,990 for the year ended December 31, 2006.

MILWAUKEE CHRISTIAN CENTER, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE Q - Subsequent Events

The property located at 1424 S. Comstock was sold on May 4, 2007.

The Organization purchased new properties in 2007. These properties are located at:

1411 S. 21st Street
3163 N. 40th Street
2460 S. 15th Street
1900 W. Arrow

The Organization received a \$68,800 mortgage from a bank secured by property at 1428 S. Comstock Street on February 14, 2007. Interest of 7.75% will be payable monthly.

The Organization received a \$72,000 mortgage from a bank secured by property at 3163 N. 40th Street on February 14, 2007. Interest of 7.75% will be payable monthly.

The Organization received a \$31,200 mortgage from a bank secured by property at 1411 South 21st Street on June 5, 2007. Interest of 7.9% will be payable monthly.

The Organization received an \$18,800 mortgage from a bank secured by property at 2109 West Greenfield Avenue on June 5, 2007. Interest of 7.9% will be payable monthly.

MILWAUKEE CHRISTIAN CENTER AND AFFILIATES
SCHEDULE OF FUNCTIONAL UNRESTRICTED REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006
(With Summarized Totals for the Year Ended December 31, 2005)

	Human Services	CDBG Grants	City of Milwaukee HOME	City of Milwaukee HAP	Milwaukee Public Schools	Fresh Start	Milwaukee County Department on Aging	State Refugee Grant	Other Grants and Revenue	Total 2006	Total 2005
REVENUE											
United Way of Greater Milwaukee	\$ 116,584	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 116,584	\$ 114,065
Community Development Block Grants	--	548,459	--	--	--	--	--	--	--	548,459	525,658
Other Grants	--	--	--	--	--	--	--	--	181,587	181,587	298,559
City of Milwaukee CDBG HOME	--	--	1,126,844	--	--	--	--	--	--	1,126,844	1,101,942
City of Milwaukee - HAP	--	--	--	150,000	--	--	--	--	--	150,000	164,017
City of Milwaukee - HOME	--	--	--	--	--	--	--	--	79,007	79,007	--
Milwaukee County - Department on Aging	--	--	--	--	--	--	83,550	--	--	83,550	83,550
State of Wisconsin - Refugee	--	--	--	--	--	--	--	22,595	--	22,595	25,599
Americorps	--	--	--	--	--	40,840	--	--	--	40,840	--
State of Wisconsin - Department of Commerce	--	--	--	--	--	39,172	--	--	--	39,172	23,466
Freshstart-HUD	--	--	--	--	--	158,257	--	--	--	158,257	120,550
Foundations Grants	--	--	--	--	--	--	--	--	23,804	23,804	43,920
First Time Juvenile Offender Program	--	--	--	--	66,430	--	--	--	260,346	326,776	232,558
Program Fees	--	--	--	--	113,288	--	106,931	--	16,750	236,969	295,160
Fund-Raising Events Income	--	--	--	--	--	--	--	--	6,514	6,514	6,195
Investment Income	--	274	107	--	--	--	--	--	2,720	3,101	2,764
Rental Income	--	--	--	--	--	--	--	--	450	450	450
Contributions	--	--	--	--	--	--	--	--	100,209	100,209	74,667
Fee for Service	--	--	--	--	--	--	--	--	89,591	89,591	112,699
House Sales	--	--	--	--	--	193,536	--	--	--	193,536	--
Other Revenue	--	--	--	416	--	105	--	--	13,148	13,669	13,403
Loss on Disposal of Fixed Assets	--	--	--	--	--	--	--	--	--	--	(1,321)
Net Assets Released From Restrictions	113,802	--	--	--	--	--	--	--	44,275	158,077	109,314
Total Revenue (carried forward)	\$ 230,386	\$ 548,733	\$ 1,126,951	\$ 150,416	\$ 179,718	\$ 431,910	\$ 190,481	\$ 22,595	\$ 818,401	\$ 3,699,591	\$ 3,347,215

MILWAUKEE CHRISTIAN CENTER AND AFFILIATE
SCHEDULE OF UNRESTRICTED FUNCTIONAL REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006
(With Summarized Totals for the Year Ended December 31, 2005)

	Human Services	CDBG Grants	City of Milwaukee HOME	City of Milwaukee HAP	Milwaukee Public Schools	Fresh Start	Milwaukee County Department on Aging	State Refugee Grant	Other Grants and Revenue	Total 2006	Total 2005
Total Revenue (brought forward)	\$ 230,386	\$ 548,733	\$ 1,126,951	\$ 150,416	\$ 179,718	\$ 431,910	\$ 190,481	\$ 22,595	\$ 818,401	\$ 3,699,591	\$ 3,347,215
EXPENSES											
Salaries and Wages	\$ 126,593	\$ 224,993	\$ 330,897	\$ 62,283	\$ 98,122	\$ 188,485	\$ 79,632	\$ 11,854	\$ 578,485	\$ 1,701,344	\$ 1,631,070
Pension	7,223	13,805	13,251	2,900	--	6,185	3,984	290	26,394	74,032	66,972
Employee Benefits	16,719	33,224	37,257	4,271	--	17,840	7,126	155	44,432	161,024	196,686
Payroll Taxes	14,603	34,960	54,203	8,978	12,779	21,297	9,744	1,251	72,401	230,216	255,458
Professional Fees and Contracted Services	1,617	19,762	452	884	738	5,285	1,587	6,300	42,431	79,056	93,567
Office Supplies	997	5,175	221	375	27	1,526	1,511	70	9,491	19,393	14,906
Program Supplies	2,124	7,446	147,285	18,543	227	9,492	1,294	37	45,612	232,060	191,422
Food	17,311	181	--	--	849	1,214	3,793	--	13,819	37,167	19,082
Uniforms	--	--	362	45	--	3,004	--	--	(77)	3,334	3,007
Telephone	2,502	2,588	2,494	1,025	--	2,041	2,775	--	9,193	22,618	21,028
Internet Expense	--	615	--	35	--	61	--	--	1,214	1,925	2,010
Postage	100	1,574	8	89	--	48	155	--	4,514	6,488	5,547
Printing and Publications	1,389	61	--	--	--	2	772	--	17,135	19,359	14,839
Occupancy	8,470	45,709	8,079	2,787	18	3,918	7,700	400	30,459	107,540	113,176
Subcontractors	--	--	467,275	42,120	--	7,856	--	--	(1,750)	515,501	492,620
Tool Expense	--	174	8,925	738	--	1,999	--	--	4	11,840	6,985
Equipment Rental and Maintenance	1,060	3,803	417	213	--	1,198	3,166	--	6,517	16,374	21,323
Depreciation Expense	--	--	--	--	--	--	--	--	26,003	26,003	14,228
Lead Testing and Renewals	--	--	8,974	--	--	--	--	--	--	8,974	--
Travel	523	1,238	913	76	317	1,996	901	221	8,914	15,099	14,424
Vehicle Expense	1,872	413	29,824	5,228	--	5,409	1,385	--	14,586	58,717	56,977
Field Trip Expense	116	101	--	--	404	--	--	--	12,654	13,275	5,230
Interest Expense	85	467	2,341	--	--	370	21	--	2,073	5,357	5,388
Insurance	7,632	8,575	9,122	1,638	2,174	1,641	2,649	--	16,848	50,279	56,975
Dues and Subscriptions	245	1,233	--	94	--	50	--	--	7,427	9,049	11,179
Training	247	535	395	35	--	1,663	690	--	1,918	5,483	7,712
Licenses and Fees	100	422	2,495	752	--	500	287	--	4,998	9,554	10,348
Advertising	--	--	--	--	--	37	--	--	3,488	3,525	1,530
Bank Charges	93	453	143	11	17	9	45	--	590	1,361	1,974
Rebate Reimbursement	--	--	--	--	--	--	--	--	15,760	15,760	21,775
Non-Capitalized Equipment	838	1,861	1,194	174	--	833	2,477	--	2,042	9,419	9,036
Administrative	20,746	42,275	--	1,081	11,291	14,231	12,897	2,017	(108,938)	(4,400)	76
Cost of Properties Sold	--	--	--	--	--	117,881	--	--	--	117,881	--
Grant to MCC-CHDO, LLC	--	--	--	--	--	--	--	--	71,143	71,143	--
Grant to MCC-YB, LLC	--	--	--	--	--	--	--	--	27,425	27,425	--
Other Expenses	248	(37)	372	26	30	380	3	--	10,065	11,087	5,089
Total Expenses	\$ 233,453	\$ 451,606	\$ 1,126,899	\$ 154,401	\$ 126,993	\$ 416,451	\$ 144,594	\$ 22,595	\$ 1,017,270	\$ 3,694,262	\$ 3,371,639
CHANGE IN ASSETS	\$ (3,067)	\$ 97,127	\$ 52	\$ (3,985)	\$ 52,725	\$ 15,459	\$ 45,887	\$ --	\$ (198,869)	\$ 5,329	\$ (24,424)
Change in Inventory		\$ 1,521								\$ 1,521	\$ (21,116)

MCC-CHDO, LLC
SCHEDULE OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

Revenue		
Milwaukee Christian Center Grant	\$ 71,143	
Total Revenue		\$ 71,143
Expenses		
Salaries and Wages	\$ 45,385	
Pension	2,854	
Employee Benefits	4,878	
Payroll Taxes	6,108	
Professional Fees and Contracted Services	452	
Office Supplies	422	
Program Supplies	286	
Telephone	426	
Internet Expense	41	
Postage	120	
Licenses and Fees	110	
Occupancy	2,186	
Equipment Rental and Maintenance	174	
Travel	757	
Interest Expense	6	
Insurance	1,464	
Dues and Subscriptions	95	
Training	150	
Licenses and Fees	417	
Advertising	112	
Bank Charges	68	
Non-Capitalized Equipment	34	
Administrative	4,732	
Other Expenses	281	
Total Expenses		71,558
Net Change in Assets		\$ (415)

MCC-YB, LLC
SCHEDULE OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

Revenue		
Milwaukee Christian Center Grant	\$ 27,426	
Total Revenue		\$ 27,426
Expenses		
Salaries and Wages	\$ 17,485	
Pension	1,149	
Employee Benefits	1,878	
Payroll Taxes	1,377	
Office Supplies	149	
Program Supplies	57	
Food	278	
Uniforms	1,433	
Telephone	287	
Postage	13	
Occupancy	581	
Tool Expense	340	
Equipment Rental and Maintenance	328	
Travel	38	
Vehicle Expense	1,803	
Dues and Subscriptions	50	
Training	143	
Advertising	37	
Total Expenses		<u>27,426</u>
Net Change in Assets		<u>\$ ---</u>

MILWAUKEE CHRISTIAN CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL EXPENDITURES			
U.S. Department of Housing and Urban Development - Youthbuild Implementation	14.243	--	\$ 168,875
City of Milwaukee Community Development Block Grant			
Various	14.218	---	682,230
Safe and Sound	14.218		48,000
City of Milwaukee - Summer Youth Program	14.218	---	5,000
City of Milwaukee Home Funds	14.239	---	1,122,947
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	93.658	435.561	11,359
Nutrition Site Supervision	93.045	435.56035	15,315
Safe and Sound			
State of Wisconsin Department of Workforce Development			
Older Refugee Services	93.566		22,595
Fighting Back, Inc. Brighter Futures Initiative	93.959	541003	36,690
ATODA Prevention Program			
Social Development Commission CSBG	93.959		19,800
Wisconsin National and Community Service Board	94.006		40,840
TOTAL FEDERAL EXPENDITURES			\$ 2,176,651
STATE EXPENDITURES			
U.S. Department of Health and Human Services - Milwaukee County Department on Aging -			
SE Asian - AM		435.561	\$ 22,720
Nutrition Site Supervision		435.56035	14,685
U.S. Department of Health and Human Services - Milwaukee County Department on Aging/ Fighting Back, Inc.			
Brighter Futures Initiative		541003	38,310
City of Milwaukee Health Department Tobacco Control		158125	10,000
TOTAL STATE EXPENDITURES			\$ 85,715

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, 2006

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 *Provider Agency Audit Guide*, 1999 revision, issued by the Wisconsin Departments of Health and Family Services, Workforce Development, and Corrections. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



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Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards and the 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, 2006, and have issued our report thereon dated June 28, 2007. 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 *Provider Agency Audit Guide*, 1999 revision, issued by the Wisconsin Departments of Health and Family Services, Workforce Development, and Corrections.

Compliance

As part of obtaining reasonable assurance about whether Milwaukee Christian Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or the *Provider Agency Audit Guide*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Milwaukee Christian Center, Inc. in a separate letter dated June 28, 2007.

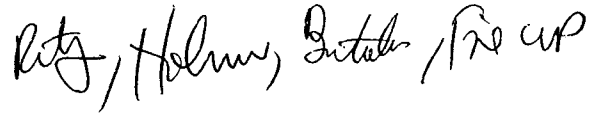
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Milwaukee Christian Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Milwaukee Christian Center, Inc. in a separate letter dated June 28, 2007.



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

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in cursive script, appearing to read "Ritz, Holman, Butala, Fine CP".

RITZ, HOLMAN, BUTALA, FINE LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 28, 2007



RITZ, HOLMAN, BUTALA, FINE LLP

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Report on Compliance with Requirements Applicable to
Each Major Program and 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, 2006. 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, 2006.



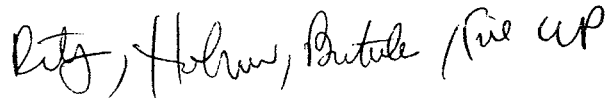
To the Board of Directors of
Milwaukee Christian Center, Inc.
Page Two

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 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



RITZ, HOLMAN, BUTALA, FINE LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 28, 2007

**MILWAUKEE CHRISTIAN CENTER, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

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? | No |
| b. Reportable condition(s) identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|-----------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Reportable condition(s) 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> |
| Community Development Block Grants /Entitlement Grants | 14.218 |
| 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. AND AFFILIATES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2006**

B. FINANCIAL STATEMENT FINDINGS

No matters were reported.

C. FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

D. OTHER ISSUES

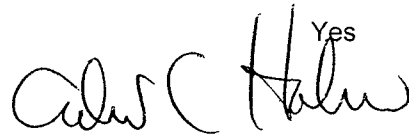
1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

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

Department of Health and Family Services	Yes
Department of Workforce Development	N/A
Department of Corrections	Yes

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 28, 2007