



NEIGHBORHOOD MINISTRIES

Dear Friends

December 2006

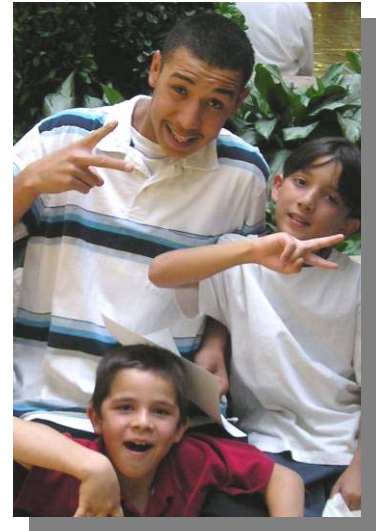
Building a Cycle of Hope ...Being thankful for all you do!

As this calendar year comes to a roaring close, we at Neighborhood Ministries have had pause to reflect on what the Lord has done over the past five years, what has happened this year, and look ahead to the next season of developing Phase II of the Neighborhood Center, the "Isaiah 58 Campaign."

Looking Back: One key indicator in our mission' "to ignite passion for God and His Kingdom," is the participation by Neighborhood Ministries kids as summer interns. The summer before we occupied the Neighborhood Center in November of 2001 we had a total of eleven summer interns. **One** of the eleven was a kid that had grown up in the ministry. Five summers later in 2006, we had a total of twenty eight summer interns, **fourteen** of which were kids from our ministry. They are becoming the mentors, servants, and teachers that have been modeled to them over the years.

- 26 different Neighborhood Ministries kids participated over that time.
- 4 are currently in college.
- 11 are currently high school seniors, ...look out world!!
- 1 has become a two year intern with us.
- 16 graduated high school or its equivalent.
- 23 are current volunteers with Neighborhood Ministries.
- All are on the journey of life with their Savior.

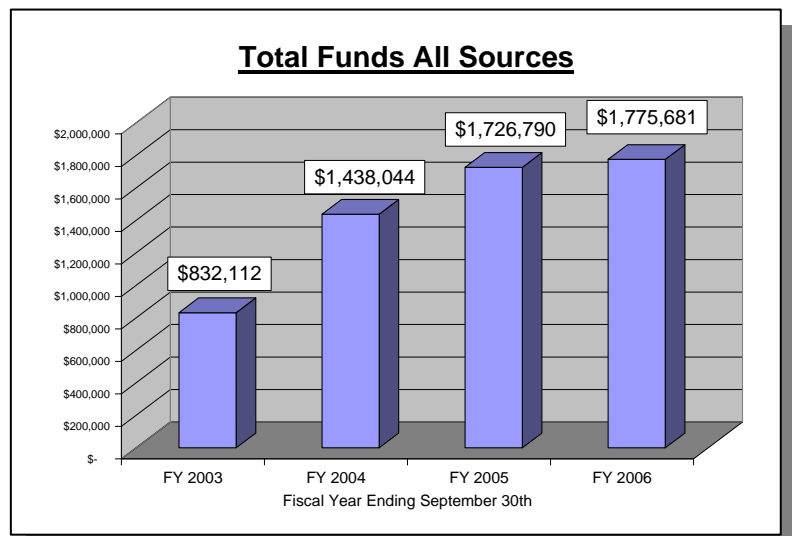
Tony, who was a summer intern with us in 2003 and 2005, participated as an intern with Urban Hope in North Carolina this past summer. His job was to help develop an outreach strategy in a black community experiencing the changes and pressures of an increasing Latino population. Tony is a Junior this year at ASU studying Urban / Metro Studies. He started at Neighborhood Ministries at 4 years old.



This Year:

Among the many significant developments and changes in lives there are three key milestones this past year:

- Hope House our first residential program for 14 – 21 year old girls was complete and staffed.
- Our first official financial audit by the CPA firm of Henry and Horne LLP was completed with a clear certification of all our financial records and procedures.
- We launched the \$16 million Isaiah 58 Campaign to complete the Neighborhood Center at 19th Avenue and Van Buren Street here in Phoenix.
- We hosted the Miracle on Fillmore to celebrate 5 years of the Neighborhood Center.

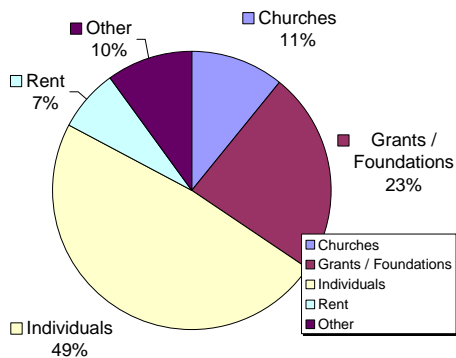


1918 West Van Buren Street
Phoenix, Arizona 85009
(602) 252-5225

Financial Summaries for year end September 30, 2006.

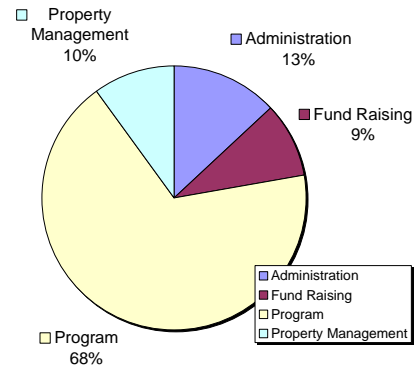
- Total funds from all sources were \$ 1,775,681 for the fiscal year ending September 30, 2006.
- 48% of the funds came through individuals, \$860,483.
- General administrative and fundraising costs accounted for 22% of our real financial expenses. This percentage is higher compared to last year due to the addition of a volunteer director and development of materials needed for the Isaiah 58 Campaign. *(This percentage would be much lower if we were to put a value on all of the volunteer time and gifts in kind. At a minimum we estimate over 60,000 hours of volunteer time and \$500,000 gifts in kind value.)*

Source of Funds FY 2006



Source of Funds	FY 2006 \$s	% of total
Churches	\$ 194,001	11%
Grants / Foundations	\$ 415,402	23%
Individuals	\$ 860,483	48%
Rent	\$ 126,461	7%
Other	\$ 179,335	10%
Total	\$ 1,775,681	100%

Use of Funds FY 2006



Use of Funds	FY 2006 \$s	% of total
Administration	\$ 232,614	13%
Fund Raising	\$ 159,194	9%
Program	\$ 1,205,648	68%
Property Management	\$ 175,272	10%
Total	\$ 1,772,728	100%

The Next Season

Our next season will encompass completion of our Neighborhood Center campus, building the organizational infrastructure and donor base to support the increase operations, adding new programs such as the Barrio Workshop and additional discipleship homes for young men, and mothers, and paying off our mortgage. Our goal is to see \$16 million dollars raised over the next three years.

Thank you for your continued prayers, sacrifice of time, gifts in kind, and financial giving. Your generosity is transforming lives for Jesus. We are privileged to steward the resources which are provided. Year end gifts are so important to us as we evaluate how fast we will be able to move forward.

If you would like more information about our finances or programs, please request our annual report through the office, 602-252-5225, or our web site: www.nmaz.net. If you would like to talk to me or contact me personally, please don't hesitate to call the office or email me directly, richard.speck@nmaz.net

Sincerely,

Richard Speck
Executive Director

