

Leslie J. Wilson, CPA PC
Tax & Accounting Services LLC



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Watchmen's Wall

We have audited the accompanying Statement of Assets, Liabilities and Net Assets of The Watchmen's Wall (a nonprofit organization) as of December 31, 2006, and the related Statement of Support, Revenue, and Expenses and Statement of Cash Flow – Indirect Method for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 The Watchmen's Wall as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Leslie J. Wilson
Leslie J. Wilson CPA PC

February 13, 2007

The Watchmen's Wall
Statement of Assets, Liabilities and Net Assets
December 31, 2006

ASSETS

Current Assets

Cash	\$ 2,328
Pending Deposits	223
Total Cash	2,551

Prepaid Expenses

Prepaid Rent	510
Prepaid Insurance	108
Subtotal Prepaid Expenses	618

Total Current Assets 3,169

FIXED ASSETS

Property, Plant & Equipment

Furniture and Fixtures	2,400
Accumulated Depreciation- Furniture & Fixtures	(588)
Audio and Video Equipment	240
Accumulated Depreciation - Audio & Video Equipment	(64)
Computer Equipment	250
Accumulated Depreciation - Computer Equipment	(17)
Software	310
Accumulated Amortization - Software	(103)
Subtotal Fixed Assets	2,428

OTHER ASSETS

Lease Deposit	510
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TOTAL ASSETS \$ 6,107

LIABILITIES & NET ASSETS

Current Liabilities

Utilities Payable	\$ 81
Total Liabilities	81

Net Assets

Unrestricted Net Assets	6,026
Total Net Assets	6,026

TOTAL LIABILITIES AND FUND BALANCE \$ 6,107

The Watchmen's Wall
Statement of Support, Revenue, and Expenses
December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT & REVENUE				
Contributions	\$ 10,548			\$ 10,548
EXPENSES				
Administrative Expenses				
Bank Charges	2			2
Insurance Expenses	325			325
Subtotal Administrative Expense	<u>327</u>	-	-	<u>327</u>
Building & Grounds				
Building Lease	6,090			6,090
Electricity	1,014			1,014
Gas	457			457
Subtotal Building & Grounds	<u>7,561</u>	-	-	<u>7,561</u>
Equipment & Furniture				
Depreciation - Furniture & Fixtures	350			350
Depreciation - Audio & Video Equipment	45			45
Depreciation - Computer Equipment	12			12
Depreciation - Software	103			103
Subtotal Equipment & Furniture	<u>510</u>	-	-	<u>510</u>
Other Expense				
Loss on Asset Disposition	16			16
Miscellaneous	230			230
Subtotal Other Expenses	<u>246</u>	-	-	<u>246</u>
Total Expenses	<u>8,644</u>	-	-	<u>8,644</u>
Change in Net Assets	1,904	-	-	1,904
NET ASSETS AT BEGINNING OF YEAR	<u>4,122</u>			<u>4,122</u>
ENDING FUND BALANCE	<u>\$ 6,026</u>	<u>-</u>	<u>-</u>	<u>\$ 6,026</u>

See Accompanying Notes

The Watchmen's Wall
Statement of Cash Flow - Indirect Method
December 31, 2006

OPERATING ACTIVITIES	
Change in Net Assets	\$ 1,904
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Amortization Expense	103
Depreciation Expense	407
Increase in Accounts Payable	23
Increase in Donated Assets	(397)
Loss on Disposition of Equipment	16
Decrease in Security Deposits	690
Increase in Prepaid Expenses	(118)
Net Cash Provided by (Used by) Operating Activities	<u>2,628</u>
INVESTING ACTIVITIES	
Purchases of Property, Plant & Equipment	(50)
Net Cash Provided by (Used for) Investing Activities	<u>(50)</u>
FINANCING ACTIVITIES	
Repayment of Principle on Indebtedness	(700)
Net Cash Provided by (Used for) Financing Activities	<u>(700)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,878
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>673</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,551</u>

See Accompanying Notes

The Watchmen's Wall
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 1: Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Watchmen's Wall was organized on September 15, 2004. The organization is a nonprofit organization and is designed to provide a place of prayer, worship, and teaching within Springfield, Missouri and surrounding communities. The organization also plans to minister via its web site and, eventually, traveling ministry teams. The organization is supported primarily through contributions.

Public Support and Revenue

Contributions account for all of the revenues of The Watchmen's Wall. The Watchmen's Wall records contributions as received. Contributions are generally unrestricted in use unless specifically restricted by the donor. The organization does not accept unconditional promises to give.

Contributions of donated non cash assets are recorded at their fair values in the period received. These contributions typically consist of small furniture and fixture items necessary for operation.

The Watchmen's Wall receives donated services from unpaid volunteers during the year. These services have not been recorded in the Statement of Support, Revenue, and Expenses because the criteria for recognition under SFAS No. 116 have not been satisfied.

Property, Plant and Equipment

Acquisitions of property, plant and equipment expected to be used longer than a year are capitalized. Property, plant and equipment are recorded and depreciated at cost. Donated assets are recorded and depreciated at their fair value. Depreciation on furniture and fixtures is computed using the straight-line method over a period of three to seven years. Depreciation on audio and video equipment is computed using the straight-line method over a period of four years. Computer equipment is depreciated using the straight-line method over a period of three or four years.

Income Taxes

The Watchmen's Wall is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). This code section enables the organization to accept donations which qualify as charitable contributions to the donor.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates by management. Accordingly, actual results could differ from those estimates.

Note 2: Operating Lease

As of April 1, 2006, The Watchmen's Wall entered into a one-year lease. The lease allows the organization to automatically renew the lease with a two percent rate annual rate increase. The lease expense for 2006 was \$6,090.