

DEER RUN RETREAT CENTER

(A Nonprofit Organization)

Financial Statements

With Independent Auditor's Report Thereon

FOR THE YEAR ENDED DECEMBER 31, 2018





Independent Auditor's Report

To the Board of Directors of
Deer Run Retreat Center

Report on the Financial Statements

We have audited the accompanying financial statements of Deer Run Retreat Center, which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deer Run Retreat Center as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'Scott Miller CPA, PLLC', is written over a faint, larger version of the Miller CPA, PLLC logo.

Miller CPA, PLLC
Murfreesboro, Tennessee
May 15, 2019

**DEER RUN RETREAT CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS	
CURRENT ASSETS	
Cash and equivalents	\$ 1,836,981
Accounts receivable	<u>62,500</u>
Total Current Assets	1,899,481
PROPERTY AND EQUIPMENT, NET	<u>4,153,796</u>
TOTAL ASSETS	<u>\$ 6,053,277</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Line of credit	\$ 2,500
Current maturities of note payable	1,600
Accounts payable	30,385
Accrued expenses	26,446
Deferred revenue	<u>295,854</u>
Total current liabilities	356,785
NET ASSETS	
Net assets with donor restrictions	1,864,744
Net assets without donor restrictions	<u>3,831,748</u>
TOTAL NET ASSETS	<u>5,696,492</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,053,277</u>

See accompanying notes to financial statements and independent auditor's report.

**DEER RUN RETREAT CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions	\$ -	\$ 586,626	\$ 586,626
Fundraising events	4,869	-	4,869
Scholarships donations	-	61,583	61,583
Total public support	4,869	648,209	653,078
Revenue			
Summer camp	609,936	-	609,936
Camp activities	526,617	-	526,617
Camp store	84,731	-	84,731
Facility rental	555,226	-	555,226
Meals	339,837	-	339,837
Total revenue	2,116,347	-	2,116,347
Other revenue			
Loss on disposal of equipment	(10,054)	-	(10,054)
Other income	26,133	-	26,133
Interest income	-	30,779	30,779
Total other revenue	16,079	30,779	46,858
NET ASSETS RELEASED FROM RESTRICTIONS	487,969	(487,969)	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,625,264	191,019	2,816,283
EXPENSES			
Programs	2,466,751	-	2,466,751
Management and general	206,006	-	206,006
Fundraising	28,269	-	28,269
TOTAL EXPENSES	2,701,026	-	2,701,026
INCREASE (DECREASE) IN NET ASSETS	(75,762)	191,019	115,257
NET ASSETS AT BEGINNING OF YEAR	3,907,510	1,673,725	5,581,235
NET ASSETS AT END OF YEAR	\$ 3,831,748	\$ 1,864,744	\$ 5,696,492

See accompanying notes to financial statements and independent auditor's report.

DEER RUN RETREAT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services		Totals
		Management and General	Fund- raising	
Salaries and wages	\$ 1,180,255	\$ 71,894	\$ -	\$ 1,252,149
Payroll taxes	88,264	5,362	-	93,626
Employer pension contributions	12,497	1,621	-	14,118
Health insurance	17,415	7,794	-	25,209
Bank and merchant fees	45,757	-	-	45,757
Advertising	85,717	9,665	-	95,382
Camp store merchandise	42,447	-	-	42,447
Depreciation	183,268	11,153	-	194,421
Dues and subscriptions	15,247	-	-	15,247
Telephone	19,611	1,195	-	20,806
Utilities	69,948	4,261	-	74,209
Insurance	41,557	24,976	-	66,533
Lease expense	4,363	-	-	4,363
Miscellaneous	24,432	1,488	-	25,920
Permits, licenses and fees	-	1,926	-	1,926
Professional fees	48,389	13,903	-	62,292
Property taxes	3,388	-	-	3,388
Supplies	124,181	17,845	-	142,026
Small tools and equipment	62,756	-	-	62,756
Food	238,721	-	-	238,721
Repairs and maintenance	140,850	-	-	140,850
Training	17,688	-	-	17,688
Travel	-	32,923	-	32,923
Totals	\$ 2,466,751	\$ 206,006	\$ -	\$ 2,672,757
Direct benefit costs of fundraising events	-	-	28,269	28,269
Total expenses	\$ 2,466,751	\$ 206,006	\$ 28,269	\$ 2,701,026

See accompanying notes to financial statements and independent auditor's report.

**DEER RUN RETREAT CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 115,257
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	194,421
Loss on disposal of equipment	10,054
Increase in operating assets:	
Accounts receivable	13,135
Increase (decrease) in operating liabilities:	
Accounts payable	25,241
Accrued expenses	(3,290)
Deferred revenue	222,447
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>577,265</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(117,429)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from line of credit	2,500
Principal payments of note payable	<u>(385,400)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(382,900)</u>
NET INCREASE IN CASH AND EQUIVALENTS	76,936
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>1,760,045</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 1,836,981</u>

See accompanying notes to financial statements and independent auditor's report.

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Deer Run Retreat Center (referred to as the “Center”) is a not-for-profit Tennessee corporation located 35 miles south of Nashville, easily accessible to churches, schools, universities, community leadership organizations, counseling ministries, addiction groups, at-risk youth programs, and Boy and Girl Scout troops. The Center is strategically located within four hours of nine major metropolitan areas. The Center is committed to providing a place of natural beauty where families, churches, and organizations can pursue a more passionate relationship with Jesus Christ and experience the transformation that comes with connecting with God and others. Supportive services include management and general expenses not directly identifiable to any program, but indispensable to these activities and to the Center’s existence. The Center is governed by a volunteer board of directors.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 unrestricted revenues and support and expenses during the period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Financial Statements for Not-for-Profit Organizations*. Accordingly, the Organization reports information regarding its financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue when received, and such unexpended amounts are reported as net assets with donor restrictions at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from restrictions”.

Net assets with donor restrictions also consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. There are no net assets with donor restrictions required to be held in perpetuity.

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized as revenue when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to unrestricted net assets.

Cash and Equivalents

Cash and equivalents include cash on hand and short-term investments with original maturities of three months or less.

Property and Equipment, Net

The Center capitalizes all property and equipment expenditures with a cost of \$1,000 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or for donated items, at fair value as of the date received. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. The buildings are being depreciated over 39 years and equipment over 5 to 20 years. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred.

Functional Expenses

Expenses are summarized and categorized based upon their functional classification as either program, management and general or fundraising. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, the expenses require allocation on a reasonable basis that is consistently applied. The Organization has determined the allocation based on estimates of time and effort within the salaries and compensation expense; which in turn created a percent allocation that was used to determine the allocation of health insurance, advertising, insurance, professional fees, and supplies expense.

Advertising Expenses

Advertising costs include costs to promote a specific program or concert and are expensed as incurred on the statements of activities. Advertising expense for the year ended December 31, 2018 totaled \$95,382.

Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Therefore, the Center has made no provision for federal income taxes in the accompanying financial statements.

The Center has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2017, 2016 and 2015. Based on the evaluation of the Center's tax positions, management believes all tax positions taken would be upheld under an examination by the tax authorities. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2018.

**DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE B—PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of December 31, 2018:

Building		\$	3,125,254
Furniture and equipment			390,140
Vehicles			129,020
Infrastructure			728,717
Land			<u>1,464,586</u>
			5,837,717
Less: Accumulated Depreciation			<u>(1,683,921)</u>
Totals			<u><u>\$ 4,153,796</u></u>

Depreciation expense for the year ending December 31, 2018 totaled \$194,421.

NOTE C—LINE OF CREDIT

The Center has a line of credit with a bank with availability of \$125,000, subject to certain borrowing base requirements, bearing an interest rate of the bank rate plus 1% and requiring monthly interest payments. As of December 31, 2018, the interest rate was 6.5%. The line of credit is collateralized by substantially all the assets of the Center. The line of credit matures in March 2019 and was subsequently renewed through February 2020. As of December 31, 2018, the line of credit had a balance of \$2,500.

NOTE D—NOTE PAYABLE

As of December 31, 2018, the Center had a note payable with a finance company bearing interest rate of 0% requiring monthly principal payments of \$200 maturing in August 2019. The note payable is collateralized by certain equipment. As of December 31, 2018, the balance of the note payable was \$1,600.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the purpose of maintaining the Center. As of December 31, 2018, donor restricted support totaled \$586,318.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specifically made by donors.

As of December 31, 2018, net assets with donor restrictions consisted of the following:

	December 31, 2017	Restricted Contributions	Net Assets Released From Restricted	December 31, 2018
Building maintenance	\$ 1,673,002	\$ 586,626	\$ (421,276)	\$ 1,838,352
Scholarship	723	61,583	(35,914)	26,392
Restricted other	-	30,779	(30,779)	-
Totals	<u>\$ 1,673,725</u>	<u>\$ 678,988</u>	<u>\$ (487,969)</u>	<u>\$ 1,864,744</u>

**DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE F—AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center’s financial assets as December 31, 2018, reduced by amounts not available for general use because of donor imposed restrictions within one year of December 31, 2018.

Financial assets, at year-end	\$	1,836,981
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(1,864,744)	
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>(27,763)</u>

The Center is substantially supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center’s liquidity management, it sends out cash as the restricted grants come in and maintains a level of cash related to contributions without donor restrictions.

NOTE G—CONCENTRATION OF RISK

The Center may be subject in the future to credit risk to its cash and equivalents accounts, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) offers coverage up to \$250,000 for substantially all depository accounts. As of December 31, 2018, the Center had funds in excess of the FDIC limits totaling \$1,540,747.

NOTE H – RELATED ENTITY

A member on the Center’s board was the holder of a note payable that was paid off in the current year. The original balance on the note payable to the board member was \$504,000. Principal payments made during 2018 totaled \$383,000. As of December 31, 2018, the note payable had a balance of \$-0-.

NOTE I – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through May 15, 2019, which is the date the financial statements were available to be issued. There have been no adjustments to the financial statements to include any subsequent transactions or events.



To the Board of Directors of
Deer Run Retreat Center

In planning and performing our audit of the financial statements of Deer Run Retreat Center as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Deer Run Retreat Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Deer Run Retreat Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiencies in the entity's internal control to be material weaknesses:

Audit Adjustments

Audit adjustments were necessary for accounts receivable, property and equipment, net, accounts payable, accrued expenses and net assets. These adjustments, in the process to convert the books to the accrual accounting basis, were required for the financial statements to be presented in accordance with accounting principles generally accepted in the United States of America.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

Bank Reconciliations

The Organization performs a bank reconciliation each month but has several outstanding old checks. These old outstanding items could have resulted from lost checks in which another check was written. If this is the case, we recommend the Organization post an entry to remove the double entry. If these old outstanding checks are actual checks we recommend the Organization research these items and determine the adequate response in relation to the Tennessee Escheat laws.

Property and Equipment, net:

The Organization recorded the equipment purchases through an expense account. An adjusting journal entry was recorded to capitalize these assets. We recommend that the Organization capitalize equipment purchases through the year in accordance with their capitalization policy. We also recommend that the Organization go through the current listing of property and equipment to ensure that all items are still in service. It is also noted that the Organization does not have an official capitalization policy. We would recommend that the Organization discuss this at a board meeting and vote on the official capitalization policy along with having this in writing within the board minutes.

Through a review of the listing of vehicles used by the Center, numerous vehicles were discovered to be on the listing of vehicles but not on the depreciation schedule obtained. These vehicles would typically, as of December 31, 2018, be fully depreciated.

Accounts Payable

The Company does not maintain an accounts payable listing. We recommend the Organization record invoices as the expenses are incurred and are due instead of when they are paid. This allows the Center to consider future cash flow obligations.

Net Assets

The Organization does not have their Trial Balance setup to track net assets with donor restrictions. We would recommend the Organization track net assets with donor restrictions through QuickBooks.

Revenue

The Center does not post deposit and revenue detail in the QuickBooks. It is posted as a whole deposit. We would recommend the Center either enter the details into the QuickBooks or reconcile the revenue to the QuickBooks on a monthly basis using their third party software.

Check Copies

The Entity does not keep copies of checks from contributions or donations received. We would recommend the Center keep copies of all checks received for audit documentation purposes.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.


Miller CPA, PLLC



To the Board of Directors of
Deer Run Retreat Center

We have audited the financial statements of Deer Run Retreat Center as of and for the year ended December 31, 2018, and have issued our report thereon dated May 15, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Deer Run Retreat Center solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies and material weaknesses and other matters noted during our audit in a separate letter to you dated May 15, 2019.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Deer Run Retreat Center is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Management's estimate of the lives of the property and equipment is based on estimated useful lives of the item. We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Deer Run Retreat Center's financial statements relate to revenue recognition.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. For the year ended December 31, 2018 there are no uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management and are included in the attached schedule, adjustments schedule.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Deer Run Retreat Center's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are in the management representation letter dated May 15, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Deer Run Retreat Center, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Deer Run Retreat Center's auditors.

A handwritten signature in black ink, appearing to read "Miller CPA, PLLC". The signature is stylized and written in a cursive-like font.

Miller CPA, PLLC
May 15, 2019

**DEER RUN RETREAT CENTER
CORRECTED MISSATEMENTS SCHEDULE
(ATTACHED SCHEDULE)
DECEMBER 31, 2018**

Unadjusted increase in net assets for the year ended December 31, 2018	\$ 372,705
Adjusting Journal Entries:	
Adjust the credit within accounts receivable	11,822
Adjust accounts payable to actual	(28,659)
Adjust accrued payroll to actual	(15,413)
Adjust note payable to actual	400
Roll of net assets for beginning balance	(1,568)
Adjust property and equipment for dispoals	(10,054)
To record depreciation and true up accumulated depreciation	(194,241)
Adjust property and equipment, net	<u>(19,735)</u>
Adjusted increase in net assets for the year ended December 31, 2018	<u>\$ 115,257</u>