WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2015 and 2014

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

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MULLINS CLEMMONS & MAYES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Wayne Reed Christian Childcare Center, Inc.

We have audited the accompanying financial statements of Wayne Reed Christian Childcare Center, Inc. (a nonprofit organization) as of December 31, 2015 and 2014, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wayne Reed Christian Childcare Center, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mullins Clemmons & Mayes, PLLC

Brentwood, Tennessee
September 7, 2016

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	$ 221,544	$ 262,068
Accounts receivable, net	16,775	10,097
Promises to give	55,043	62,192
Investments in marketable securities	1,096,085	1,179,922
Prepaid expenses and other assets	6,886	7,395
Total current assets	1,396,333	1,521,674
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	457,336	483,513
DEPOSITS	1,000	1,000
TOTAL ASSETS	$ 1,854,669	$ 2,006,187
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 4,313	$ 10,562
Accrued liabilities	24,255	12,674
Wages and payroll taxes payable	23,447	20,249
Total current liabilities	52,015	43,485
NET ASSETS:		
Unrestricted net assets:		
Invested in property and equipment	457,336	483,513
Undesignated	842,289	1,004,437
Total unrestricted	1,299,625	1,487,950
Temporarily restricted	296,464	268,187
Permanently restricted	206,565	206,565
Total net assets	1,802,654	1,962,702
TOTAL LIABILITIES AND NET ASSETS	$ 1,854,669	$ 2,006,187

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

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:				
State grants	$ 41,513	$ -	$ -	$ 41,513
Donations and private grants	181,171	98,138	-	279,309
Child care fees and subsidies	162,203	-	-	162,203
Fundraising events	166,066	-	-	166,066
Total	550,953	98,138	-	649,091
Net assets released from restrictions	69,861	(69,861)	-	-
Total support, revenues and reclassifications	620,814	28,277	-	649,091
NET INVESTMENT RETURN	(5,427)	-	-	(5,427)
EXPENSES:				
Program services:				
Child development	607,905	-	-	607,905
Supporting services:				
Management and general	173,508	-	-	173,508
Fundraising	22,299	-	-	22,299
Total expenses	803,712	-	-	803,712
CHANGE IN NET ASSETS	(188,325)	28,277	-	(160,048)
NET ASSETS:				
Beginning of year	1,487,950	268,187	206,565	1,962,702
End of year	$ 1,299,625	$ 296,464	$ 206,565	$ 1,802,654

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

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUES:				
State grants	$ 33,913	$ -	$ -	$ 33,913
Donations and private grants	179,725	110,788	-	290,513
Child care fees and subsidies	185,077	-	-	185,077
Fundraising events	171,549	-	-	171,549
Total	570,264	110,788	-	681,052
Net assets released from restrictions	142,560	(142,560)	-	-
Total support, revenues and reclassifications	712,824	(31,772)	-	681,052
NET INVESTMENT RETURN	77,509	-	-	77,509
EXPENSES:				
Program services:				
Child development	602,655	-	-	602,655
Supporting services:				
Management and general	166,968	-	-	166,968
Fundraising	28,674	-	-	28,674
Total expenses	798,297	-	-	798,297
CHANGE IN NET ASSETS	(7,964)	(31,772)	-	(39,736)
NET ASSETS:				
Beginning of year	1,495,914	299,959	206,565	2,002,438
End of year	$ 1,487,950	$ 268,187	$ 206,565	$ 1,962,702

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

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services		
	Child Development	Management and General	Fund-Raising	Total
Salaries	$ 327,056	$ 109,019	$ -	$ 436,075
Employee benefits	41,362	13,788	-	55,150
Payroll taxes	24,502	8,168	-	32,670
Total personnel costs	392,920	130,975	-	523,895
Fundraising expenses	-	-	22,299	22,299
Daycare supplies	83,623	-	-	83,623
Utilities	13,782	4,594	-	18,376
Contract labor	9,750	3,250	-	13,000
Office supplies	3,765	-	-	3,765
Insurance	12,338	4,113	-	16,451
Telephone	2,940	980	-	3,920
Administrative expenses	62,422	20,807	-	83,229
Total expenses before depreciation	581,540	164,719	22,299	768,558
Depreciation	26,365	8,789	-	35,154
Total expenses	$ 607,905	$ 173,508	$ 22,299	$ 803,712

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

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services	Supporting Services		
	Child Development	Management and General	Fund-Raising	Total
Salaries	$ 326,140	$ 108,713	$ -	$ 434,853
Employee benefits	37,415	12,472	-	49,887
Payroll taxes	23,824	7,942	-	31,766
Total personnel costs	387,379	129,127	-	516,506
Fundraising expenses	-	-	28,674	28,674
Daycare supplies	98,523	-	-	98,523
Utilities	13,843	4,615	-	18,458
Contract labor	9,750	3,250	-	13,000
Office supplies	3,231	-	-	3,231
Insurance	10,485	3,495	-	13,980
Telephone	2,707	902	-	3,609
Administrative expenses	48,261	16,087	-	64,348
Total expenses before depreciation	574,179	157,476	28,674	760,329
Depreciation	28,476	9,492	-	37,968
Total expenses	$ 602,655	$ 166,968	$ 28,674	$ 798,297

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

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net change in net assets	$ (160,048)	$ (39,736)
Adjustments to reconcile net change in net assets to net cash provided by (used in) operating activities:		
Depreciation	35,154	37,968
Noncash stock donations	(3,761)	-
Net unrealized depreciation in fair value of investments	188,404	4,928
Net realized gain on disposal of investments	(105,461)	(86)
Net changes in other operating assets and liabilities:		
Accounts receivable	(6,678)	23,147
Renovation receivable	-	48,565
Promises to give	7,149	(20,175)
Prepaid expenses and other assets	509	(1,062)
Accounts payable and accrued liabilities	8,530	(8,885)
Net cash provided by (used in) operating activities	(36,202)	44,664
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(8,977)	(13,651)
Purchases of investments	(1,167,013)	(76,656)
Proceeds from sale of investments	1,171,668	640
Net cash used in investing activities	(4,322)	(89,667)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(40,524)	(45,003)
CASH AND CASH EQUIVALENTS, BEGINNING	262,068	307,071
CASH AND CASH EQUIVALENTS, ENDING	$ 221,544	$ 262,068

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

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 – STATEMENT OF PURPOSE

Wayne Reed Christian Childcare Center, Inc. (the "Center"), founded in 1996, is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The primary program of the Center is the operation of a day care facility for inner city and low-income children.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2015 and 2014 in these financial statements refer to the years ended December 31, 2015 and 2014, respectively, unless otherwise noted.

Basis of Accounting

The financial records of the Center are maintained on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Financial Statement Presentation

The Center is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted – This class includes net assets that are not subject to any donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – This class includes net assets whose use by the Center is subject to donor-imposed restrictions that can be fulfilled by actions of the Center pursuant to those restrictions or that expire by the passage of time. 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.

Permanently Restricted – This class includes net assets subject to donor-imposed restrictions that require the assets to be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value. Gains and losses, whether realized or unrealized, are included in the statement of activities and changes in net assets. Investment income is allocated on a monthly basis to each fund based on the fund's percentage of total market value.

The Center's investments are held and managed by various independent investment advisors who report regularly to the Center.

The Center utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

See Note 3 for further details related to investments.

Accounts Receivable

Accounts receivable consist of receivables from parents, guardians, and governmental agencies for child care fees and subsidies and from governmental agencies for grants earned. The Center uses the allowance method to determine any uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts receivable. At December 31, 2015 and 2014, management believes that all accounts receivable are fully collectible. Therefore, no allowance was deemed necessary.

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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 is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Center uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At December 31, 2015 and 2014, management believes that all promises to give are fully collectible. Therefore, no allowance was deemed necessary.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are expensed as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenue or expense. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Tuition is recorded by the Center as revenue in the period to which the tuition relates. Tuition collected in the current year, which is applicable to future years, is deferred and recognized as revenue in the appropriate year.

Income Taxes

As mentioned in Note 1, the Center is a tax-exempt organization; accordingly, no provision for income taxes is included in the accompanying financial statements.

The Center files an annual information return (Form 990) with the U.S. government. At December 31, 2015, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years before December 31, 2012.

Grant Revenues

Grant revenues are recognized when qualified, reimbursable expenses are incurred or when services are performed.

Donated Materials and Services

Donated materials are recognized as contributions at their estimated fair values at date of receipt. The value of donated services meeting the requirements for recognition in the financial statements was not material and has not been recorded. A substantial number of volunteers have donated significant amounts of time in the Center's programs, development and fund raising activities.

Functional Allocation of Expenses

Expenses, which are directly related to a function, are charged to that function. Expenses that are related to more than one function are allocated to the applicable functions based upon various allocation methods in order to reflect the total cost of each function.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After Reporting Date

The Center has evaluated events and transactions that occurred between December 31, 2015 and September 7, 2016, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 – INVESTMENTS IN MARKETABLE SECURITIES

Generally accepted accounting principles have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Following are the fair values of investments according to the fair value hierarchy at December 31, 2015 and 2014:

	Fair Value	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
At December 31, 2015:		
Mutual funds, stocks and exchange traded funds	$ 1,096,085	$ 1,096,085
At December 31, 2014:		
Mutual funds, stocks and exchange traded funds	$ 1,179,922	$ 1,179,922

Level 1 Fair Value Measurements - The fair values of the mutual funds, stocks and exchange traded funds are based on quoted market prices in active markets.

Following are the details of the net investment return for 2015 and 2014:

	2015	2014
Interest and dividends	$ 77,516	$ 82,351
Realized gains on disposal of investments	105,461	86
Unrealized depreciation in fair value of investments	(188,404)	(4,928)
Net investment return	$ (5,427)	$ 77,509

At December 31, 2015, the cumulative unrealized appreciation of investments is $3,419.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following, as of December 31, 2015 and 2014:

	2015	2014
Building and related improvements	$ 772,767	$ 772,767
Office equipment and computers	69,077	64,000
Kitchen equipment and cabinets	41,153	37,253
Playground equipment	56,443	56,443
Total cost	939,440	930,463
Less accumulated depreciation	(482,104)	(446,950)
Net property and equipment	$ 457,336	$ 483,513

Depreciation expense for the years ending 2015 and 2014 was $35,154 and $37,968, respectively.

NOTE 5 – EMPLOYEE BENEFIT PLAN

The Center maintains a 403(b) plan for its employees. Upon completion of one year of service, the Center will match an employee's annual contribution, up to $1,000. The Center recognized $2,198 and $2,812 of costs related to this plan during 2015 and 2014, respectively.

NOTE 6 – LEASES

In 1997, the Center entered into a ground lease and operating lease with Youth Encouragement Services for the use of their premises for a period of thirty years ending December 2026. The Center agreed to pay rent of one dollar each year of the lease. Under the terms of the leases the Center has the right of first refusal should Youth Encouragement Services desire to sell the facility.

NOTE 7 – CONCENTRATIONS

The Center maintains bank accounts whose balances may, at times, exceed FDIC insurance limits. The Center has not experienced any losses in such accounts, and management does not believe that they are exposed to any significant credit risks on these accounts.

See Note 3 for a description of the risks associated with the Center's investments in marketable securities.

The Center relies heavily on donations and grants to fund its operations. The loss of these funds would have a significant impact on the operations of the Center.

NOTE 8 – NET ASSETS

The State of Tennessee has passed the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Center has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit restrictions to the contrary. The Center classifies as permanently restricted net assets the sum of (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. At the current time, none of the endowment funds have donor-imposed instructions that specify accumulations, as noted in item (c) of the preceding sentence.

The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) General economic conditions;
(2) The possible effect of inflation and deflation;
(3) The expected tax consequences, if any, of investment decisions or strategies;
(4) The role that each investment or course of action plays within the overall investment portfolio;
(5) The expected total return from income and appreciation of investments;
(6) Other resources of the Center;
(7) The needs of the Center and the endowment funds to make distributions and to preserve capital; and
(8) An asset's special relationship or special value, if any, to the charitable purposes of the Center.

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period as well as any entity-designated funds.

NOTE 8 – NET ASSETS (CONTINUED)

To satisfy its long-term return objectives, the Center relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Permanently restricted net assets consist of the following at December 31, 2015 and 2014:

	2015	2014
Donor-restricted endowment fund	$ 206,565	$ 206,565

Temporarily restricted net assets were available for the following purposes at December 31, 2015 and 2014:

	2015	2014
Multicultural center	$ 131,232	$ 131,232
United Way literacy grant	149,075	126,493
Memorial Foundation remodeling grant	6,157	462
Pre-K summer program	10,000	10,000
Total temporarily restricted assets	$ 296,464	$ 268,187

The entire release of temporarily restricted net assets for both years was related to the incurrence of various expenses that satisfied the respective donor restrictions.

WAYNE REED CHRISTIAN CHILDCARE CENTER, INC.

REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

DECEMBER 31, 2015

MULLINS CLEMMONS & MAYES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

September 7, 2016

To the Board of Directors
Wayne Reed Christian Childcare Center, Inc.

We have audited the financial statements of Wayne Reed Christian Childcare Center, Inc. for the year ended December 31, 2015, and have issued our report thereon dated September 7, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wayne Reed Christian Childcare Center, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimates of the allowance for uncollectible promises to give and doubtful accounts receivable are based on historical collection rates and an analysis of the collectibility of individual promises. We evaluated the key factors and assumptions used to develop the allowances in determining that the lack of allowances is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The attached schedule also summarizes the corrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 7, 2016.

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Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely of the Board of Directors and management of Wayne Reed Christian Childcare Center, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Mullins Clemmons & Mayes, PLLC

Mullins Clemmons & Mayes, PLLC

Wayne Reed Christian Childcare Center, Inc.
Schedule of Recorded Adjustments and Unrecorded Adjustments
Year Ended December 31, 2015
All amounts are Debit (Credit)

	Total Assets	Total Liabilities	Working Capital	Revenues & Other Income	Expenses	Change in Net Assets	Net Assets
Preliminary financial statement amounts	$ 1,839,320	$ (40,444)	$ 1,340,540	$ (591,350)	$ 753,876	$ 162,526	$ (1,798,876)
Recorded adjustments and reclassifications:							
Record payroll accrual	-	(14,496)	(14,496)	-	14,496	14,496	14,496
Record vacation accrual	-	(8,951)	(8,951)	-	8,951	8,951	8,951
Record metro donated worker	(472)	-	(472)	(21,733)	22,205	472	472
Record investment mgt fees at 12.31.15	-	-	-	(6,753)	6,753	-	-
Adjust United Way grant proceeds to actual	3,188	-	3,188	(3,188)	-	(3,188)	(3,188)
Record unaccrued Staples invoices	-	(711)	(711)	-	711	711	711
Record liquidated stock contribution to revenue. Amount was posted to AR, but there was no AR balance to go against.	6,117	-	6,117	(6,117)	-	(6,117)	(6,117)
Post contributions with no AR to revenue	235	-	235	(235)	-	(235)	(235)
Adjust prepaid insurance to actual	(1,381)	-	(1,381)	-	1,381	1,381	1,381
Reverse prior year accruals	-	20,249	20,249	-	(20,249)	(20,249)	(20,249)
Retained earning adjustment	-	-	-	-	1,300	1,300	-
Adjust unrealized gain to actual	-	-	-	5,492	(5,492)	-	-
Reclass customers with credit balances	7,662	(7,662)	-	-	-	-	-
Reclass metro worker	-	-	-	(19,780)	19,780	-	-
Reported financial statement amounts	$ 1,854,669	(52,015)	1,344,318	$ (643,664)	803,712	$ 160,048	$ (1,802,654)
Unrecorded adjustments:							
Unreconciled cash difference	500	-	500	-	500	500	500
Carryover effect of prior year unrecorded adjustments	-	-	-	(6,037)	-	(6,037)	-
Total unrecorded adjustments	$ 500	$ -	$ 500	$ (6,037)	$ 500	$ (5,537)	$ 500
Unrecorded adjustments as a percent of reported financial statement amounts	0.0%	0.0%	0.0%	0.9%	0.1%	-3.5%	0.0%