

ONE CITY EARLY LEARNING CENTERS, INC.

(A Development Stage Organization)

FINANCIAL STATEMENTS

June 30, 2015

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
One City Early Learning Centers, Inc.
Madison, Wisconsin

We have reviewed the accompanying statement of financial position of One City Early Learning Centers, Inc. (a development stage organization) as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the period from July 31, 2014 (inception) to June 30, 2015. A review includes primarily applying analytical procedures to management's financial data and making inquiries of OCEL management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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Wegner CPAs, LLP
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December 8, 2015

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ONE CITY EARLY LEARNING CENTERS, INC.
(A Development Stage Organization)
STATEMENT OF FINANCIAL POSITION
June 30, 2015

ASSETS	
CURRENT ASSETS	
Cash	\$ 108,863
Promises to give	30,000
Prepaid expenses	<u>625</u>
Total current assets	139,488
Property and equipment	<u>345,769</u>
Total assets	<u>\$ 485,257</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 16,920
Accrued expenses	<u>3,601</u>
Total current liabilities	20,521
LONG TERM LIABILITIES	
Capital lease obligation	<u>283,795</u>
Total liabilities	304,316
NET ASSETS	
Unrestricted	150,941
Temporarily restricted	<u>30,000</u>
Total net assets	<u>180,941</u>
Total liabilities and net assets	<u>\$ 485,257</u>

See accompanying notes and independent accountant's review report.

ONE CITY EARLY LEARNING CENTERS, INC.
(A Development Stage Organization)
STATEMENT OF ACTIVITIES
Period from July 31, 2014 (Date of Inception) to June 30, 2015

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Contributions	\$ 348,436
Special events income	19,154
Direct benefits to donors	(6,832)
Miscellaneous revenue	4
	<hr/>

Total unrestricted support and revenue	360,762
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EXPENSES

Program services	39,631
Management and general	127,787
Fundraising	42,403
	<hr/>

Total expenses	<hr/> 209,821
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Change in unrestricted net assets	150,941
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TEMPORARILY RESTRICTED NET ASSETS

Contributions	<hr/> 30,000
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Change in net assets	180,941
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Net assets - beginning of period	<hr/> -
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Net assets - end of period	<hr/> <hr/> \$ 180,941
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See accompanying notes and independent accountant's review report.

ONE CITY EARLY LEARNING CENTERS, INC.
(A Development Stage Organization)
STATEMENT OF FUNCTIONAL EXPENSES
Period from July 31, 2014 (Date of Inception) to June 30, 2015

	Program Services	Management and General	Fundraising	Total
Contract services	\$ -	\$ 102,412	\$ 13,566	\$ 115,978
Facilities and equipment	-	6,144	1,178	7,322
Office	-	4,504	72	4,576
General	37,000	3,119	18,577	58,696
Payroll	2,631	2,631	7,893	13,155
Staff and board	-	8,977	1,117	10,094
Cost of direct benefits to donors	-	-	6,832	6,832
Total expenses	39,631	127,787	49,235	216,653
Less expenses included with support and revenue on the statement of activities	-	-	(6,832)	(6,832)
Total expenses included in the expenses section of the statement of activities	\$ 39,631	\$ 127,787	\$ 42,403	\$ 209,821

See accompanying notes and independent accountant's review report.

ONE CITY EARLY LEARNING CENTERS, INC.
(A Development Stage Organization)
STATEMENT OF CASH FLOWS
Period from July 31, 2014 (Date of Inception) to June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 180,941
Adjustments to reconcile change in net assets to net cash flows from operating activities	
(Increase) decrease in assets	
Accounts receivable	(30,000)
Prepaid expenses	(625)
Increase in liabilities	
Accounts payable	16,920
Accrued expenses	3,601
	170,837
Net cash flows from operating activities	170,837

CASH FLOWS FROM FINANCING ACTIVITIES

Payments made to prepare property and equipment for intended use	(61,974)
	(61,974)

Net change in cash

108,863

Cash - beginning of period

-

Cash - end of period

\$ 108,863

SUPPLEMENTAL DISCLOSURES

Cash paid for interest	\$ 4,312
Noncash investing and financing transactions	
Property and equipment	283,795
Capital lease obligation	(283,795)

See accompanying notes and independent accountant's review report.

ONE CITY EARLY LEARNING CENTERS, INC.
(A Development Stage Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

One City Early Learning Centers, Inc. (OCEL) (A Development Stage Organization) prepares young children from birth to age 5 in the Madison, Wisconsin area for success in school and life. OCEL's support and revenue is primarily from contributions. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

OCEL is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by OCEL in perpetuity.

Receivables

OCEL considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give receivable in less than one year are recorded at their net realizable value. All promises to give at June 30, 2015 are due in less than one year.

OCEL considers all promises to give to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If promises to give become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Furniture and equipment with a value of over \$5,000 is capitalized and depreciated using the straight-line method over an estimated useful life relative to the piece of property or equipment.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support.

ONE CITY EARLY LEARNING CENTERS, INC.
(A Development Stage Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the year in which the support is recognized. All other restricted support is reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. 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.

Donated Materials, Facilities and Services

Donated materials and facilities are recorded at their estimated fair values in the period received. OCEL reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, OCEL reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by OCEL.

Expense Allocation

The costs of providing various program services and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Tax Status

OCEL is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through December 8, 2015, the date which the financial statements were available to be issued.

NOTE 2 – DEVELOPMENT STAGE OPERATIONS

OCEL was formed July 31, 2014, as a nonprofit, nonstock Wisconsin corporation under Chapter 181 of the Wisconsin Statutes. On September 8, 2015, OCEL began operations as a childcare facility. Operations prior to that time were devoted primarily to raising capital, constructing the facility, and administrative functions.

ONE CITY EARLY LEARNING CENTERS, INC.
(A Development Stage Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 consists of the following:

	2015
Facility construction	\$ 133,397
Land and building	212,372
Property and equipment - net	\$ 345,769

All property and equipment at June 30, 2015 is considered construction-in-progress. Interest of \$4,294 was capitalized during the period ended June 30, 2015.

NOTE 4 – LEASE-TO-PURCHASE AGREEMENT

OCEL entered into a lease-to-purchase agreement with FCI Community Impact, LLC on February 27, 2015, in which OCEL pays no calculated rent from the inception of the agreement through December 31, 2015. From January 1, 2016 through December 31, 2016, OCEL is to make monthly rent payments with the amount to be determined based on the formula described in the agreement. On December 31, 2016, OCEL will acquire the property at a price determined by criteria described in the lease-to-purchase agreement, which is subject to interest at 6%.

Per the terms of the agreement, OCEL must obtain prior approval from FCI Community Impact, LLC before committing to any construction or remodeling costs for the facility.

At June 30, 2015, OCEL has recorded a building purchase obligation of \$212,372 and has incurred and capitalized facility construction costs of \$133,397.

NOTE 5 – DONATED MATERIALS, FACILITIES, AND SERVICES

OCEL received donated materials, facilities, and services for the following purposes during the initial period ended June 30, 2015:

	Program Services	Management and General	Fundraising	Total
School supplies	\$ 23,500	\$ -	\$ -	\$ 23,500
Classroom supplies	13,500	-	-	13,500
Consultant	-	14,400	3,600	18,000
Facilities	-	-	5,832	5,832
Total	\$ 37,000	\$ 14,400	\$ 9,432	\$ 60,832

ONE CITY EARLY LEARNING CENTERS, INC.
(A Development Stage Organization)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 – RELATED PARTY

OCEL received consulting services totaling \$66,000 from Kaleem Caire, CEO during the initial period ended June 30, 2015. \$18,000 of this amount is considered donated services. At June 30, 2015, OCEL owed \$12,000 for these services.

NOTE 7 – SUBSEQUENT EVENTS

On August 15, 2015, OCEL entered into an operating lease for temporary space requiring a security deposit of \$2,000 and monthly payments of \$4,000. The lease expires January 15, 2016. Future minimum payments for the year ended June 30, 2016 are \$20,000.

In August 2015, OCEL incurred asbestos and lead abatement costs of \$64,505, which were accrued and recorded as facility construction at June 30, 2015.