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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Little Flowers Early Childhood and Development Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Little Flowers Early Childhood and Development Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Little Flowers Early Childhood and Development Center, Inc. as of December 31, 2020, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Internal Controls

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020, on our consideration of Little Flowers Early Childhood and Development Center, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Little Flowers Early Childhood and Development Center, Inc. internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Little Flowers Early Childhood and Development Center, Inc. internal control over financial reporting and compliance.

LITTLE FLOWERS CHILDHOOD AND DEVELOPMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

STATEMENT OF FUNCTIONAL EXPENSES

Accounting	\$ 33,500.00	Grant Expenses	\$ 28,569.34
Advertising & Marketing	\$ 5,845.71	Leased Property-3117 Baker St	\$ 3,569.39
Auto Fines	\$ 524.00	Liability Insurance	\$ 3,670.91
Auto Insurance	\$ 13,361.19	Office Supplies	\$ 1,645.45
Background/Drug Check	\$ 104.00	Other R & M	\$ 2,360.68
Building R & M	\$ 11,871.04	Operating Expenses	\$ 33,031.09
Business Fees	\$ 232.20	Payroll	\$ 566,508.48
Business Lease Equip	\$ 7,745.59	Payroll Service Fee	\$ 9,732.58
Consulting	\$ 331.50	Photography	\$ 30.00
Contractors 1099	\$ 16,491.99	Procure	\$ 1,043.68
Credit Card fees	\$ 905.76	PPE Equipment	\$ 3,179.99
Computer Software	\$ 1,516.50	Rent	\$ 20,000.00
Daycare Supplies	\$ 44.23	Shipping	\$ 218.85
Discount Tuition	\$ 25,088.94	Special Events	\$ 4,437.57
Depreciation Expenses	\$ 12,494.63	Services (JANITORIAL)	\$ 50,293.98
Donations	\$ 1,650.77	Staff Training	\$ 40.00
Dues and Subscriptions	\$ 1,656.00	Supplies	\$ 50,070.91
Educational Materials	\$ 23,634.99	Taxes	\$ 79,779.34
Field Trips	\$ 5,910.00	Telecommunications	\$ 16,680.24
Fuel	\$ 3,868.90	Travel	\$ 2,666.40
Furniture & Fixtures	\$ 614.47	Uniforms	\$ 514.00
Gifts/Acknowledgment	\$ 3,792.55	Utilities	\$ 9,211.06
Health/Dental/Vision	\$ 26,816.73	Weekly Contract Labor	\$ 16,596.51
Interest Expense	\$ 279.04	Workers Compensation	\$ 3,124.95
			\$ 1,105,256.13

LITTLE FLOWERS CHILDHOOD AND DEVELOPMENT CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

STATEMENT OF FUNCTIONAL EXPENSES

	Program Expense	Tax Expenses	Fundraising Expenses	Administrative Expenses	Management and General Expenses	Total Expenses
Accounting	\$ 33,500.00	Federal Taxes \$ 50,310.01	Photography \$ 30.00	Grant Expenses \$ 28,569.34	Dues and Subscriptions \$ 1,656.00	
Advertising & Marketing	\$ 5,845.71	State Taxes \$ 26,451.33	Stationary \$ 218.85	Professional Services \$ 3,179.99	Leased Property-3117 Baker St \$ 3,569.39	
Auto Fines	\$ 524.00	FUTA/SUTA/MED \$ 3,018.00	Special Events \$ 4,437.57		Services (JANITORIAL) \$ 50,293.88	
Auto Insurance	\$ 13,361.19				Travel \$ 2,666.40	
Background/Drug Check	\$ 104.00					
Building R & M	\$ 11,871.04					
Business Fees	\$ 232.20					
Business Lease Equip	\$ 7,745.59					
Computer Software	\$ 1,516.50					
Consulting	\$ 331.50					
Contractors 1099	\$ 16,491.99					
Credit Card fees	\$ 905.76					
Daycare Supplies	\$ 44.23					
Discount Tuition	\$ 25,088.94					
Depreciation Expenses	\$ 12,494.63					
Donations	\$ 1,650.77					
Educational Materials	\$ 23,634.99					
Field Trips	\$ 5,910.00					
Freemont Facility Rent	\$ 20,000.00					
Fuel	\$ 3,868.90					
Furniture & Fixtures	\$ 614.47					
Gifts/Acknowledgment	\$ 3,792.55					
Health/Dental/Vision	\$ 26,816.73					
Interest Expense	\$ 279.04					
Liability Insurance	\$ 3,670.91					
Office Supplies	\$ 1,645.45					
Other R & M	\$ 2,360.68					
Operating Expenses	\$ 33,031.09					
Payroll	\$ 566,508.48					
Payroll Service Fee	\$ 9,732.58					
Procure	\$ 1,043.68					
Staff Development	\$ 40.00					
Summer Camp Supplies	\$ 50,070.91					
Telecommunications	\$ 16,680.24					
Uniforms	\$ 514.00					
Utilities	\$ 9,211.06					
Weekly Contract Labor	\$ 16,596.51					
Workers Compensation	\$ 3,124.95					
	\$ 930,855.27	\$ 79,779.34	\$ 4,686.42	\$ 31,749.33	\$ 58,185.77	\$ 1,105,256.13

LITTLE FLOWERS CHILDHOOD AND DEVELOPMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

STATEMENTS OF CASH FLOW

OPERATING ACTIVITIES

Cash from services	91,432.96
Cash from fundraising activities	430.00
Cash Received with restrictions	379,448.26
Cash Received from Donations	58,244.04
Cash Received from Grants	863,403.45
Net Cash Provided by operations	1,392,958.71

INVESTING ACTIVITIES

Appliances	3,454.67
Accum Depr Appliances	(1,383.56)
Audio/Visual Equipment	14,604.59
Accum Depr Audio/Visual Equipment	(10,912.45)
Computer Software	4,030.00
Accum Depr Computer Software	(1,650.42)
Furniture	4,827.81
Accum Depr Furniture	(2,275.99)
Office Equipment	2,783.97
Accum Depr Office Equipment	(3,303.50)
Loss on Disposal	4,400.00
Leasehold improvements	12,649.00
Accum Depr Leasehold Improvements	(4,988.04)
Vehicles	41,569.28
Accum Depr Vehicles	(40,887.95)
Net Cash Provided by Investing	22,917.41

FINANCING ACTIVITIES

Retained Earnings	37,701.72
Current Earnings	287,702.58
Loan Founder	7,895.18
Operations Loan	8,045.16
EIDL Covid Loan	149,200.00
Wells Fargo Line of Credit	4,867.83
Net Cash Provided by Financing	495,412.47

Cash at End of Period	<u>1,911,288.59</u>
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LITTLE FLOWERS CHILDHOOD AND DEVELOPMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

STATEMENTS OF FINANCIAL POSITIONS

ASSETS	2020
Current Assets	
Cash and Cash Equivalents	\$ 543,232.53
Accounts Receivable	\$ 76,849.62
Employee Loan	\$ 1,788.33
Security Deposits	\$ 4,000.00
Total Current Assets	\$ 625,870.48
Property and Equipment	
Appliances	\$ 3,454.67
Office Equipment	\$ 2,783.97
Audio/Visual Equipment	\$ 14,604.59
Computer Software	\$ 4,030.00
Furniture and Fixtures	\$ 4,827.81
Leasehold Improvements	\$ 12,649.00
Vehicle	\$ 41,569.28
Loss on Disposal	\$ 4,400.00
Less: Accumulated Depreciation	\$ (65,401.91)
Total Fixed Assets	\$ 22,917.41
Total Assets:	\$ 648,787.89
 LIABILITIES	
Long Term Liabilities	
Operations Loan	15,940.34
SBA LOAN	149,200.00
Well Fargo Line of Credit	4,867.83
	170,008.17
Total Liabilities:	170,008.17
 EQUITY	
Capital	153,375.42
Retained Earnings	37,701.72
Current Earnings	287,702.58
Total Equity:	478,779.72
Total of Liabilities and Equity	648,787.89

LITTLE FLOWERS CHILDHOOD AND DEVELOPMENT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

STATEMENTS OF ACTIVITIES

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support			
Earned Revenue	\$ 86,180.64	\$	\$ 86,180.64
Grant Revenue	\$ 262,248.26	\$ 310,895.23	\$ 573,143.49
Contributed Revenue	\$ 5,252.32	\$	\$ 5,252.32
Other unrestricted Income	\$ 728,382.26	\$	\$ 728,382.26
Total Unrestricted Revenue	\$ 1,082,063.48	\$ 310,895.23	\$ 1,392,958.71
Expenses			
Program Expenses	\$ 988,590.30	\$ -	\$ 988,590.30
Development Expenses	\$ 30,217.26	\$ -	\$ 30,217.26
Admin Expenses	\$ 497.95	\$ -	\$ 497.95
Manager and General Expenses	\$ 6,171.28	\$ -	\$ 6,171.28
Other Expenses	\$ 79,779.34	\$ -	\$ 79,779.34
Total Operating Expenses	\$ 1,105,256.13	\$ -	\$ 1,105,256.13
Net Assets at beginning of year		\$	218,991.01
Change in net Assets		\$	429,796.88
Net Assets at end of year		<u>\$</u>	<u>648,787.89</u>