

Little Flowers Early Childhood and Development Center, Inc.  
Financial Statements  
Year Ended December 31, 2024

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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 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, 2024, 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, 2024, 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, 2024, 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, 2024**

**STATEMENT OF FINANCIAL POSITIONS**

| <b>ASSETS</b>                              | <b>2024</b>       |
|--|-------------------|
| <b>Current Assets</b>                      |                   |
| Cash and Cash Equivalents                  | \$ 606,715        |
| Accounts Receivable                        | \$ 20,006         |
| <b>Total Current Assets</b>                | <b>\$ 632,880</b> |
| <b>Non Current Assets</b>                  |                   |
| Security Deposits                          | \$ 6,159          |
| PPE  | \$ 97,663         |
| Less: Accum Depreciation                   | \$ (49,219)       |
| <b>Total Fixed Assets</b>                  | <b>\$ 48,444</b>  |
| <b>Total Assets:</b>                       | <b>\$ 681,324</b> |
| <br><b>LIABILITIES</b>                     |                   |
| <b>Long Term Liabilities</b>               |                   |
| Department of Commerce                     | \$ 25,000         |
| SBA LOAN                                   | \$ 132,873        |
|  | <b>\$ 157,873</b> |
| <b>Total Liabilities:</b>                  | <b>\$ 157,873</b> |
| <br><b>Net Assets</b>                      |                   |
| Without Donor Restrictions                 | \$ 64,437         |
| With Donor Restrictions                    | \$ 459,014        |
| <b>Total Net Assets:</b>                   | <b>\$ 523,451</b> |
| <b>Total of Liabilities and Net Assets</b> | <b>\$ 681,324</b> |

LITTLE FLOWERS CHILDHOOD AND DEVELOPMENT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024

STATEMENTS OF ACTIVITIES

|                                  | Without Donor Restriction |                  | With Donor Restriction |                | Total               |
|----------------------------------|---------------------------|------------------|------------------------|----------------|---------------------|
| <b>Revenue and Other Support</b> |                           |                  |                        |                |                     |
| Earned Revenue                   | \$                        | 672,355          |                        | \$             | 672,355             |
| Grant Revenue                    |                           |                  | \$                     | 187,473        | \$ 187,473          |
| Contributed Revenue              | \$                        | 27,174           | \$                     | 1,079          | \$ 28,253           |
| Other Income                     | \$                        | 16,781           | \$                     | -              | \$ 16,781           |
| <b>Total Revenue</b>             | <b>\$</b>                 | <b>716,310</b>   | <b>\$</b>              | <b>188,552</b> | <b>\$ 904,863</b>   |
| <b>Expenses</b>                  |                           |                  |                        |                |                     |
| Program Expenses                 | \$                        | 1,048,875        | \$                     | -              | \$ 1,048,875        |
| Fund Raising Expenses            | \$                        | 69,410           | \$                     | -              | \$ 69,410           |
| Manager and General Expenses     | \$                        | 34,137           | \$                     | -              | \$ 34,137           |
| <b>Total Operating Expenses</b>  | <b>\$</b>                 | <b>1,152,422</b> | <b>\$</b>              | <b>-</b>       | <b>\$ 1,152,422</b> |
| <br>                             |                           |                  |                        |                |                     |
| Net Assets at beginning of year  |                           |                  |                        | \$             | 881,643             |
| Change in net Assets             |                           |                  |                        | \$             | (200,319)           |
| Net Assets at end of year        |                           |                  |                        | <u>\$</u>      | <u>681,324</u>      |

LITTLE FLOWERS CHILDHOOD AND DEVELOPMENT CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024

STATEMENT OF FUNCTIONAL EXPENSES

| Program Expense              |                  | Fundraising Expenses  |               | Management and General Expenses |               |
|------------------------------|------------------|-----------------------|---------------|---------------------------------|---------------|
| Accounting/Audit             | 8,800            | Accounting/Audit      | 800           | Accounting/Audit                | 400           |
| Advertising & Marketing      | 9,141            | Advertising & Marketi | 831           | Advertising & Marketi           | 416           |
| Auto Insurance               | 7,453            | Business Fees         | 6             | Business Fees                   | 3             |
| Auto R & M                   | 482              | Bank Fees             | 7             | Bank Fees                       | 3             |
| Background/Drug Check        | 256              | Computer Software< \$ | 148           | Computer Software< \$           | 74            |
| Building R & M/Security      | 15,430           | Contractors           | 6,021         | Contractors                     | 3,010         |
| Business Fees                | 71               | Credit Card Fee's     | 57            | Dues and Subscription           | 191           |
| Bank Fees                    | 77               | Discount Tuition      | 81            | Equipment Lease                 | 293           |
| Computer Software< \$500     | 1,627            | Dues and Subscription | 383           | Gifts & Acknowledgen            | 21            |
| Contractors                  | 66,230           | Equipment Lease       | 587           | IT Support                      | 475           |
| Credit Card Fee's            | 651              | Fundraising Fees      | 230           | Legal                           | 624           |
| Discount Tuition             | 931              | Gifts & Acknowledgen  | 42            | Liability Insurance             | 200           |
| Dues and Subscriptions       | 4,212            | IT Support            | 951           | Loan Interest Finance           | 92            |
| Depreciation                 | 2,782            | Legal                 | 1,248         | Office Supplies                 | 97            |
| Educational Supplies         | 34,984           | Liability Insurance   | 400           | Payroll/Contributions           | 22,428        |
| Equipment Lease              | 6,457            | Loan Interest Finance | 183           | Payroll Fees                    | 408           |
| Federal Taxes                | 137,266          | Office Supplies       | 193           | Rent                            | 1,300         |
| Field Trips                  | 12,095           | Payroll/Contributions | 44,857        | State Taxes                     | 1,861         |
| Fines & Penalties            | 1,696            | Payroll Fees          | 816           | Storage Fees                    | 273           |
| Food Program                 | 25,640           | Rent                  | 2,600         | Telecommunications              | 692           |
| Fuel                         | 2,365            | Special Events        | 324           | Utilities                       | 1,167         |
| Fringe Benefits              | 14,086           | Staff Training        | 444           | Workers Comp Insura             | 107           |
| Gifts & Acknowledgements     | 460              | State Taxes           | 3,721         |                                 |               |
| IT Support                   | 10,459           | Storage Fees          | 546           |                                 |               |
| Legal                        | 13,728           | Telecommunications    | 1,385         |                                 |               |
| Liability Insurance          | 4,401            | Utilities             | 2,335         |                                 |               |
| Loan Interest Finance Charge | 2,016            | Workers Comp Insuran  | 214           |                                 |               |
| Meetings & Conference        | 2,010            |                       |               |                                 |               |
| Office Supplies              | 2,127            |                       |               |                                 |               |
| Payroll/Contributions        | 493,425          |                       |               |                                 |               |
| Payroll Fees                 | 8,980            |                       |               |                                 |               |
| Recruitment and Retention    | 2,541            |                       |               |                                 |               |
| Rent                         | 28,600           |                       |               |                                 |               |
| Special Events               | 3,731            |                       |               |                                 |               |
| Staff Appreciation           | 2,338            |                       |               |                                 |               |
| Staff Training               | 5,101            |                       |               |                                 |               |
| State Taxes                  | 40,935           |                       |               |                                 |               |
| Storage Fees                 | 6,002            |                       |               |                                 |               |
| Telecommunications           | 15,231           |                       |               |                                 |               |
| Uniforms                     | 960              |                       |               |                                 |               |
| Utilities                    | 25,685           |                       |               |                                 |               |
| Workers Comp Insurance       | 2,359            |                       |               |                                 |               |
| Harlem Ave Project           | 25,057           |                       |               |                                 |               |
|                              | <b>1,048,875</b> |                       | <b>69,410</b> |                                 | <b>34,137</b> |

**LITTLE FLOWERS CHILDHOOD AND DEVELOPMENT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**STATEMENTS OF CASH FLOW**

**OPERATING ACTIVITIES**

|   |                |
|---|----------------|
| Cash received from services               | 673,641        |
| Cash received from fundraising activities | 2,125          |
| Cash received from donations              | 41,624         |
| Cash received from grants                 | <u>187,473</u> |
| <b>Net Cash Provided by operations</b>    | <b>904,863</b> |

**FINANCING ACTIVITIES**

|                                       |                |
|---------------------------------------|----------------|
| Department of Commerce Loan           | 25,000         |
| SBA Loan Repayment                    | <u>(6,110)</u> |
| <b>Net Cash Provided by Financing</b> | <b>18,890</b>  |

|                              |                       |
|------------------------------|-----------------------|
| <b>Cash at End of Period</b> | <u><b>923,753</b></u> |
|------------------------------|-----------------------|

# Little Flowers Early Childhood and Development Center, Inc.

## Notes to Financial Statements

Year End December 31, 2024

### **Note 1 – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES**

Little Flowers Early Childhood and Development Center, Inc., is a 501(c)(3) non-profit organization in Baltimore, MD. Our mission is to provide low-income children and families in the community with quality childcare services through comprehensive early learning and intervention programs, including before-school, after-school and weekend enrichment programs. We focus on providing a safe and nurturing learning environment. Our staff and program development, as well as parent and community involvement, are key elements to the success of the program. Currently, we serve over 100 children.

#### Little Flowers Vision

Every child should have a great foundation in school and in life.

#### **Provider Services**

##### **Infants and Toddlers**

Infants and toddlers, ages 6 weeks to 3 years old: Little Flowers uses the OUNCE Scale, which is an assessment tool that enables caregivers and families to monitor their child's development, and the Creative Curriculum, which is a comprehensive curriculum with a clear organizational structure and a particular focus on routines and experiences. We focus on building social/emotional skills that serve as the foundation for learning and that last a lifetime.

##### **Preschool-age children**

Preschool, ages 3, 4 and 5 years old: Little Flowers uses the Early Learning Assessment, which allows early childhood teachers and care providers to collect and use assessment information to tailor instruction to the individual needs of each child.

Our preschool classrooms use the Creative Curriculum, which is a comprehensive curriculum with a clear organizational structure and a particular focus on routines and experiences. We focus on building social/emotional skills that serve as the foundation for learning and that last a lifetime.

##### **G.R.A.S.P. Before and After School Enrichment**

Generation Recharge before and after-school enrichment program provides services for school-age children, ages 3 to 12. G.R.A.S.P. operates early morning hours and extended evening hours so that our program provides a safe, nurturing, learning environment that focuses on education, teamwork and leadership skills. Furthermore, G.R.A.S.P. children get the opportunity to explore Theater, Chess, Step, Boxing, Martial Arts, Music, Creative Art, and Science, Technology, Engineering, Math (via the use of a research-based S.T.E.M. curriculum).

## **Note 1 – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **G.R.A.S.P. Before and After School Enrichment**

Little Flowers Early Childhood and Development Center, Incorporated, is a 501 (c)(3) non-profit organization. We are committed to providing low-income children and families in the Sandtown community with quality childcare services through comprehensive early learning and intervention, before, after-school, weekend and summer enrichment programs. Our summer enrichment program provides services to children ages 4 to 12 years old. We operate 10 (depending on school end date) weeks during the summer months, Monday through Friday, 9 am to 5 p.m. The focus of the summer enrichment program is to build literacy and math skills while preventing summer loss of existing skills. Social and emotional needs are addressed through a variety of venues. In addition, we focus on developing knowledge, skills, and creative talents through structured enrichment. Enrichment activities help youth generate patterns for creative proficiency, build good character, initiate an engaged mode for learning, and find purpose in life. As you will see on the check list page, we require each student to turn in their 4th quarter report card so that we accurately track each student's progress during the summer, providing them with necessary tools to succeed in the upcoming School Year!

## **Note 2 – Summary of Significant Accounting Policies**

### **Basis of accounting**

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

### **Basis of presentation**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control are classified as net assets without donor restrictions.

**Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specific or unspecified purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Net assets with donor restrictions are reclassified to net assets without donor

## Note 2 – Summary of Significant Accounting Policies (Continued)

restrictions upon satisfaction of the time or purpose of restrictions. When donor restrictions are met during the same period that the contribution is received, the contribution is recorded as without donor restrictions.

**Cash and cash equivalents** – Cash and cash equivalents consist of checking and money market accounts and for purposes of cash flows are defined as all highly liquid investments with an initial maturity of three months or less. The Organization maintains cash and cash equivalent balances at various financial institutions. The accounts may exceed insured limits at times during the period. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

**Land, property, and equipment** – The Organization capitalizes all land, property, and equipment acquisitions in excess of \$2,500. Land, property, and equipment are recorded at cost or, if acquired as a donation, at the estimated fair market value at the date donated. Additions, improvements, or expenditures which add to productive capacity or extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation is recorded using the straight-line method over estimated useful lives of the assets, which range from 5 to 39 years.

**Contributions** – Contribution revenue consists of general contributions and grants and is recognized in the period received or when an unconditional promise to give is made, whichever is earlier. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Donated goods and services** – Donations of supplies, equipment, and other goods and services are recorded at estimated fair value on the date of receipt. Donated services are recognized if services received (a) create or enhance nonfinancial assets or (b) require special skills and are provided by individuals possessing those skills and would typically need to be purchased if not donated. Many volunteers have donated significant amounts of time to the Organization's activities. The services of these volunteers are not recorded in the accompanying financial statements as they do not meet the criteria for recognition.

**Functional allocation of expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and the statement of functional expenses by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited and have been allocated on a reasonable basis that is consistently applied. The Organization allocates expenses on the functional basis based on the employee count by department for each functional classification.

**Federal income tax** – The Organization is a nonprofit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is necessary. The tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

**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

## Note 2 – Summary of Significant Accounting Policies (Continued)

assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Subsequent events – In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 31, 2024, the date the financial statements were available to be issued.

## Note 3 – Liquidity and Availability

Financial assets available for general expenditure within one year of December 31, 2024, consist of the following:

|   |                  |
|---|------------------|
| Cash and cash equivalents                         | 606,715          |
| Less amount not available for general expenditure | <u>(188,552)</u> |
| Donor-restricted                                  | <b>418,163</b>   |

The Organization has certain donor-restricted assets and board-designated assets limited to use which are not available for general expenditure within one year in the normal course of business. Accordingly, these assets have been included in the qualitative information above. Board designated assets could be made available as needed.

## Note 4 – Land, Property, and Equipment

Land, property, and equipment consist of the following at December 31, 2024:

|                          |                 |
|--------------------------|-----------------|
| Appliance                | 3,422           |
| Audio/Visual             | 14,595          |
| Computer/Software        | 4,030           |
| Furniture/Fixtures       | 4,725           |
| Leasehold Improvements   | 32,933          |
| Office Equipment         | 1,539           |
| Vehicles                 | 36,419          |
| Less: Accum Depreciation | <u>(49,219)</u> |
| <b>Total Assets</b>      | <b>48,444</b>   |

## Note 5 – Impact of Accounting Method Change

The Financial Accounting Standards board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in Financial Accounting Standards Board (FASB) ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in

exchange for those goods or services. The Organization adopted the requirements of the new guidance as of October 1, 2019, utilizing the modified retrospective method of transition. The Organization did not recognize any adjustments in changes in revenue, net assets, or any other financial statement line item as a result of adopting ASC 606.

#### **Note 6 – Recent Accounting Pronouncement**

In February 2016, the FASB issued an Accounting Standards Update (ASU) 2016-02, Leases, which requires lessees to record most leases with terms greater than 12 months on their balance sheets by recognizing a liability to make lease payments and an asset representing their right to use the asset during the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election, by class of underlying asset, not to recognize the corresponding assets and lease liabilities. Lessee recognition, measurement, and presentation of expenses and cash flows will not change significantly from existing guidance and lessor accounting is largely unchanged. ASU 2016-02 also changes the definition of a lease and requires qualitative and quantitative disclosures that provide information about the amount, timing, and uncertainty of cash flows arising from leases. Application is required for annual periods beginning after December 15, 2021. The Organization continues to evaluate the impact of the new accounting guidance on its combined financial statements.