APPENDIX C

Hopkins House

Financial Statements

For the Fiscal Year Ended June 30, 2020 and Restated 2019

ASK International, Inc.
Certified Public Accountants

Hopkins House

Contents

ASKi INTERNATIONAL
Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees and Management of
Hopkins House - A Center for Children & Their Families
5904 Richmond Highway, Suite 525
Alexandria, VA 22314

We have audited the accompanying financial statements of Hopkins House (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities 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 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 Hopkins House as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ask Int'l Inc

ASK Int'l, Inc.
March 2, 2021

Hopkins House
Statement of Financial Position
For the Fiscal Year Ended June 30,

	2020	2019 (Restated)
ASSETS		
Current Assets		
Cash and Cash Equivalent	$ 262,737	$ 60,812
Accounts Receivable, net	0	24,563
Grants and Contributions Receivable	1,227	14,036
Prepaid Expenses	1,788	1,788
Total Current Assets	**265,752**	**101,199**
Fixed Assets		
Property and Equipment	519,416	519,416
ABC Building	3,730,676	3,730,676
P&E- Accumulated Depreciation	(1,407,251)	(1,281,518)
Net Fixed Assets	**2,842,841**	**2,968,574**
Other Assets		
Security Deposit	35,817	35,817
Loan Costs	101,913	101,913
LC - Accumulated Amortization	(43,008)	(38,038)
Total Other Assets	**94,722**	**99,692**
TOTAL ASSETS	**$ 3,203,315**	**$ 3,169,465**
LIABILITIES & EQUITY		
Liabilities		
Accounts Payable and Credit Cards	112,830	205,620
Payroll Liabilities	626,404	705,421
Accrued Payroll Expenses	106,944	106,944
Deferred Tuition Revenue	5,776	5,776
Line of Credit	47,919	46,658
Related Party Loans	3,216	3,216
Deferred Rent	202,278	202,278
Dunstan Loan Payable	0	147
Mortgage Payable	2,150,592	2,150,592
Accrued Pension Plan Liability	149,538	149,538
Par Funding Loan	15,556	0
SBA Loans	515,900	0
Total Liabilities	**3,936,953**	**3,576,190**
Net Assets (Deficit)		
Net Assets - Unrestricted	(1,010,550)	(656,064)
Temporarily Restricted	79,781	52,208
Permanently Restricted	197,131	197,131
Total Net Assets (Deficit)	**(733,638)**	**(406,725)**
TOTAL LIABILITIES & NET ASSETS	**$ 3,203,315**	**$ 3,169,465**

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

Hopkins House

Statement of Activities & Net Assets
For the Fiscal Year Ended June 30, 2020

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Fees and Tuition	$2,162,653	$ 0	$ 0	$2,162,653
Contributions	225,474	0	0	225,474
Government Grants and Contracts	156,435	0	0	156,435
Foundation and Corporate Grants	(21,688)	64,188	0	42,500
Special Events	25	0	0	25
Other Income	118	0	0	118
Total Income	**2,523,017**	**64,188**	**0**	**2,587,205**
Expense				
Program Services	1,980,462	36,615	0	2,017,077
Supporting Services:				
Management and General	897,041	0	0	897,041
Fundraising	0	0	0	0
Special Events	0	0	0	0
Total Expenses	**2,877,503**	**36,615**	**0**	**2,914,118**
Change in Net Assets	**(354,486)**	**27,573**	**0**	**(326,913)**
Net (Deficit) Assets, Beginning of year	**(656,064)**	**52,208**	**197,131**	**(406,725)**
Net (Deficit) Assets, End of year	**$(1,010,550)**	**$ 79,781**	**$ 197,131**	**$(733,638)**

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

Hopkins House
Statement of Activities & Net Assets
For the Fiscal Year Ended June 30, 2019 (Restated)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Fees and Tuition	$2,503,357	$ 1,400	$ 0	$2,504,757
Contributions	137,043	25	0	137,068
Government Grants and Contracts	178,555	54,188	0	232,743
Foundation and Corporate Grants	56,100	7,500	0	63,600
Special Events	0	0	0	0
Other Income	7,279	0	0	7,279
Gain on Sale of Asset	1,370,661	0	0	1,370,661
Total Income	**4,252,995**	**63,113**	**0**	**4,316,108**
Expense				
Program Services	2,271,825	47,461	0	2,319,286
Supporting Services:				
Management and General	1,031,925	0	0	1,031,925
Fundraising	0	0	0	0
Special Events	0	0	0	0
Total Expenses	**3,303,750**	**47,461**	**0**	**3,351,211**
Change in Net Assets	**949,245**	**15,652**	**0**	**964,897**
Net (Deficit) Assets, Beginning of year	**(1,599,904)**	**36,556**	**197,131**	**(1,366,217)**
Less Transfers to (from) Unrestricted Net Assets	(5,405)	0	0	(5,405)
Net (Deficit) Assets, End of year	**$(656,064)**	**$ 52,208**	**$ 197,131**	**$(406,725)**

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

Hopkins House
Statement of Cash Flows
For the Fiscal Year Ending June 30,

	2020	2019 (Restated)
Net Income from Operating Activities	**$ (326,913)**	**$ 964,898**
Cash from Operating Activities		
Change in Net Assets		
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	130,703	143,000
(Increase) decrease in:		
Accounts Receivable	24,563	(22,468)
Grants and Contributions Receivable	12,809	31,102
Prepaid Expenses	0	(200)
Security Deposit	0	(14,725)
Loan Costs	0	(43,752)
Increase (decrease) in:		
Accounts Payable and Credit Cards	(92,789)	32,406
Payroll Liabilities and Accrued Payroll	(79,017)	135,608
Net Cash Used in Operating Activities	**(330,644)**	**1,225,869**
Cash Flow from Investing Activities		
Sale of Moore Building	0	763,358
Accumulated Depreciation Adj	0	(696,575)
Net Cash Used in Investing Activities	**0**	**66,783**
Cash Flow from Financing Activities		
Net borrowings under Line of Credit	1,260	(2,878)
Proceeds from Merchant cash advance	0	(104,659)
Par Funding Loan	15,556	0
Dunstan Loan Payable	(147)	0
SBA Loan	515,900	0
Principal proceeds on Mortgage Payable	0	(1,137,607)
Net Cash Used in Financing Activities	**532,569**	**(1,245,144)**
Net Increase (Decrease) in Cash and Cash Equivalents	**201,925**	**47,508**
Cash and Cash Equivalents, beginning of year	60,812	18,709
Less Transfers to (from) Unrestricted Net Assets	0	(5,405)
Cash and Cash Equivalents, end of year	**$ 262,737**	**$ 60,812**
Supplementary Disclosure of Cash Flow Information		
Interest Paid	133,612	146,830

See Independent Auditor's Report and accompanying Notes to the Financial Statements.

Hopkins House
A Center for Children & Their Families

Notes to the Financial Statements
June 30, 2020

1. Nature of Operations

Hopkins House, A Center for Children & Their Families ("the Organization") is a not-for-profit organization incorporated in the Commonwealth of Virginia in 1946. Its mission is to provide quality educational programs and opportunities to children, youths, and their families, regardless of income, to help them achieve, in measurably effective ways, their full intellectual, economic, and social potential. This is achieved by developing and implementing high-quality community-based programs. The major sources of income are fees, tuition, and contributions.

The Organization operates three preschool academies, the Helen Day Preschool Academy established in 1988 and located in the City of Alexandria, the James L. and Juliette McNeil Preschool Academy established in 2007 in Fairfax County, and the Innovative Preschool Academy established in July 2014 in Herndon. The Helen Day Preschool Academy and the James L. and Juliette McNeil Preschool Academy are accredited by the National Association for the Education of Young Children.

In January 2009, through funding from foundations, businesses, and local government, the Organization launched a pilot project, the Early Childhood Learning Institute (ECLI). In collaboration with Northern Virginia Community College, the ECLI assists low-resourced individuals in earning professional credentials and college credits leading toward an Associate degree. Upon completion of the ECLI, participants are promised job offers from local childcare centers at an annual salary of at least $25,000 plus benefits.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

These financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.

- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or by the passage of time.

- *Permanently restricted net assets* represent funds in which the principal must be held in perpetuity, while the earnings may be available for the general operations of the Organization or restricted for a purpose imposed by the donors.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Accounts Receivable

Accounts receivable consist primarily of tuition receivables, and are recorded at their net realizable value. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. The allowance for uncollectible accounts was $0 at June 30, 2020.

Grants and Contributions Receivable

Grants and contributions receivable are deemed to be fully collectible and are reflected at either net realizable value or at net present value based on projected cash flows. Amounts receivable in more than one year are recorded at net present value, and discounts are not included in the accompanying statements of financial position due to immateriality.

Property and Equipment

Property and equipment valued at greater than $500 with a useful life of more than one year are recorded at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from five to thirty years. Expenditures for major repairs and improvements are capitalized, while expenditures for minor repairs and maintenance costs are expensed when incurred.

Revenue Recognition

Fees and tuition revenue is recognized in the period in which it is earned. Tuition and fees received in advance of the period in which they are earned are included in deferred revenue in the accompanying statements of financial position. The Organization maintains a policy of offering scholarships or discounts to qualified applicants whose subsidized funding does not cover the full tuition.

Grants and contributions are recorded as revenue when received or promised. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period as received.

Government grants that are cost reimbursable in nature are recognized as revenue as the related expenditures are incurred. Costs incurred in excess of cash received are reflected as grants receivable and cash received in excess of costs incurred are reflected as refundable advances in the accompanying statements of financial position.

Revenue from all other sources is recognized when earned.

In-Kind Contributions

Donated services meeting the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, *Revenue Recognition Contributions Received,* are recognized at fair value at the time of receipt. These services benefit the general programs and consist primarily of accounting and other professional services. Where applicable, the values of these donated services are included as both revenue and expense in the financial statements. There were $0 donated services in the fiscal year ended June 30, 2020.

Functional Allocation of Expenses

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

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases.* The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in the Organization's fiscal year 2021.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities.* The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented in financial statements and notes about nonprofit organization liquidity, financial performance, and cash flows. The guidance is effective beginning in the Organization's fiscal year 2019.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 12, 2020, the date the financial statements were available to be issued.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents. The Organization maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

4. Accounts Receivable

Accounts receivable consist of the following at June 30, 2020:

Tuition and Fees Receivable	$	0
Contributions Receivable		0
Grants Receivable – Government		1,227
Total Accounts Receivable	$	1,227

5. Property and Equipment

Property and equipment consist of the following at June 30, 2020:

Furniture and equipment	$323,106
Fairfax County land	400,000
Fairfax County building	3,182,079
Fairfax County building improvements	148,597
Total Fairfax County facility	3,730,676
Herndon building improvements	196,310
Total property and equipment	4,250,092
Less accumulated depreciation	(1,407,251)
Property and equipment, net	$2,842,841

6. Mortgage Payable

Mortgage Payable consists of the following at June 30, 2020:

Bank note payable in the original amount of $3,289,400 issued on October 5, 2017, to consolidate pre-existing bank note balances into one account. The note bears 6.4% fixed interest and requires monthly interest-only payments of $11,462. The loan is secured by real property.	$2,149,217
Unpaid Late Charges	1,375
Total Notes payable	$2,150,592

In October of 2015, the Organization defaulted on certain obligations to the lender, and on December 11, 2015, the Organization transferred its debt to a new lender. On October 5, 2017, the new lender agreed to modify the repayment terms of all loans, consolidate debt, and extend maturity of the notes, and for the Organization to make interest only payments.

On December 28, 2018, the Organization entered into an agreement to sell its Alexandria building in Virginia at a gross sales price of $1,500,000. Out of the $1,500,000, $1,370,661 was used to pay off a portion of the LS Capital notes payable principal balance.

7. Related Party Loans

During 2017, the Organization entered into a $51,852 non-interest-bearing note with two individuals. The Organization did not record imputed interest as the total amount is immaterial to the financial statements taken as a whole. The outstanding balance of the related party loans was $3,216 at June 30, 2020.

8. Line of Credit

The Organization maintains a $50,000 revolving line of credit to finance short-term working capital needs. The outstanding balance on the line was $47,919 at June 30, 2020.

9. Commitments and Contingencies

Operating Leases

The Organization leases space for its Central Office under a non-cancelable lease, which commenced on October 5, 2010 and expired in October 2015. This lease was extended for two additional years with a new expiration date of October 31, 2017. The lease calls for annual rental increases of 3% in the base rent, plus the Organization's allocable portion of any increase in operating costs of the building. On March 6, 2017, this lease was extended for one additional year with a new expiration date of October 31, 2018. Subsequent to year end, on November 1, 2018, this lease has been extended for two additional years with a new expiration date of October 31, 2020. This extension calls for monthly payments of $3,971 per month with an annual increase of 3%.

The Organization also leases a facility for its Innovation Preschool Academy in Herndon, Virginia. The lease commenced April 1, 2014 and expires on July 23, 2023. This lease calls for monthly payments of $15,261 with annual rental increases of 3%. This lease was amended November 22, 2017 to reduce the base rent to $6,680 per month through November 30, 2019. On January 31, 2020, the lease was amended to extend the reduced base rent period through November 30, 2020 at $7,750 per month effective January 1, 2020.

On December 28, 2018, the Organization entered into an agreement lease back the Alexandria building it sold for 17 months, commencing on December 28, 2018. Monthly rent payment will be $14,725 for the first twelve months, and approximately $18,406 for the remaining five months.

The difference between the straight-line rent and actual rent payments is recognized as a deferred rent liability in the accompanying statements of financial position. Rent expense was $330,116 for the year ended June 30, 2020.

Future minimum lease payments are as follows for the years ending June 30:

2021	173,807
2022	226,918
2023	233,726
2024	19,912
Total	$ 644,363

Payroll Taxes Liability

The Organization was unable to make full payments on payroll taxes during the year ended June 30, 2020 due to cash shortages. At June 30, 2020, outstanding payroll taxes liability was approximately $626,404.

The Organization negotiated payment plans with the Virginia Department of Taxation and Virginia Employment Commission to payoff balances, which at June 30, 2020, are $44,481 and $12,784, respectively. The Organization is still negotiating a payment plan with the Internal Revenue Service to pay off the remaining balance of $535,635 as of June 30, 2020.

Employment Contract

The Organization has entered into an employment agreement with the President of the Organization, which expired on June 30, 2017 and was extended until June 30, 2020. The agreement provides for severance payments due to the President in the event of termination without cause. The severance compensation equates to the greater of the amount owed through the remainder of the term of the signed agreement or one year's salary from the date after termination.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following at June 30, 2020:

Early Childhood Learning Institute/ECLI	$79,781

11. Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment funds to be retained permanently by explicit donor stipulations. The Edward J. Alexander, III Memorial Gift Fund ("Alexander Fund") was established to provide an annual gift for the education of an individual whose family has been victim to a violent crime in the previous year. The Beander Scholarship was established to provide tuition assistance to children of families with limited financial resources.

Permanently restricted net assets consist of the following at June 30, 2020:

Scholarship Endowment	$99,023
Beander Scholarship	11,763
Alexander Fund	86,345
Total permanently restricted net assets	$197,131

12. Endowment

Under accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted the state of Virginia's Uniform Prudent Management of Institutional Funds Act (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 donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) the duration and preservation of the fund; (2) the purposes of the Organization and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation or depreciation of investments; (6) other resources of the Organization; and (7) the investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity, unless appropriations are permitted under UPMIFA.

Under the policy, as approved by the Board of Trustees, any endowment assets maintained are to be invested in a manner that is intended to produce results comparable to the S&P 500, Lehman Intermediate Government/Corporate Bond Index, and 90 Day Treasury Notes while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (interest and dividends). When endowment assets are held, the Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

When funds are available for appropriation, the Organization's spending policies vary for each endowment fund. The Alexander Fund's policy allows an appropriation of $1,000 of the fund's earnings on an annual basis. The spending policy for the two scholarship funds allows for an appropriation of up to 100% of the funds' earnings from the previous year. The Organization considers long-term expected returns on its endowment fund and the needs of the Organization when establishing the policies.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were $197,131 at June 30, 2020. These deficiencies resulted primarily from continued appropriations that, in the judgment of the Board of Trustees, were deemed prudent in order to ensure the continued operations of the Organization and its programs. When funds become available, the intent is to appropriate future earnings to fully satisfy the funding deficiencies.

Endowment Net Asset Composition and Activity

Endowment net assets were comprised of the following at June 30, 2019:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	$ (197,131)	$ 0	$ 197,131	$ 0

There were no changes in endowment net assets during the year ended June 30, 2020.

13. Employee Benefit Plans

Defined Contribution Plan

The Organization has a simplified employee pension plan under which all employees are eligible to participate after two years of service. All participants are 100% vested. Optional employer contributions of up to 15% are permitted; the plan does not permit employee contributions. No employer contributions were made during the year ended June 30, 2020.

Defined Benefit Plan

The Organization sponsors a defined benefit pension plan ("the Plan"). The benefits are based on years of service and the employee's compensation during employment. The Organization froze the Plan, effective March 31, 1994, and no new participants have been allowed to enter the Plan since then. It is management's intention to terminate the Plan at such time as the assets of the Plan are sufficient to fund the termination with no further liability to the Organization. As of June 30, 2020, there were no minimum required contributions to the Plan.

The accompanying statements of financial position include an accrual of $149,538 as of June 30, 2020. This amount represents the projected remaining liability of the Plan, as determined using the most recent calendar year actuarial assumptions.

14. Income Taxes

The Organization is recognized as a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements as there was no unrelated business taxable income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has determined that no significant uncertain tax positions qualify for either recognition or disclosure in the financial statements at June 30, 2020.

15. Results of Operations and Management's Plans

The Organization has an unrestricted net asset deficit at June 30, 2020. The deficit was primarily driven by a reduction in government tuition funding for children of military families due to temporary suspension of a service contract with the military at one of the organization preschool academies, as well as additional costs associated with opening a new preschool. Although losses may continue in the future, the Organization's management continually maintains and reviews contingency plans as a prudent measure to ensure the continued viability of operations.

These plans include new and expanded fundraising efforts, combined capital campaigns, planned giving, replenishment of the endowment, and cost-cutting. In addition, management plans to restructure its capital assets structure and sell one or more of the buildings it owns, that are currently used for the childcare centers, with subsequent lease back. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

ASKi INTERNATIONAL
Certified Public Accountants

Independent Auditor's Report on Supplementary Information

To the Board of Trustees and Management of
Hopkins House - A Center for Children & Their Families
5904 Richmond Highway, Suite 525
Alexandria, VA 22314

Our report on our audit of the basic financial statements of Hopkins House for the fiscal year ended June 30, 2020 and 2019, appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The schedule of Functional Expenses on pages 18 and 19 are presented for purpose of additional analysis and is not a required part of the basic financial statements.

Such information has been subjected to auditing procedures applied to the audit of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

Ask Int'l Inc

Ask International, Inc.
March 2, 2021

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Hopkins House
A Center for Children & Their Families

Schedule of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising and Special Events	2020 Total Expenses
Salaries	$ 1,179,658	$ 379,482	$ -	$1,559,140
Employee Benefits	36,435	25,069	-	61,504
Payroll Taxes	109,274	28,545	-	137,819
Pension Plan Contrib & Admin	-	42,000		42,000
Payroll Tax Penalties & Interest	-	678	-	678
Professional services	31,127	66,060	-	97,187
Advertising	12,407	21,986	-	34,393
Perishable supplies	-	2,273	-	2,273
Student meals	91,660	-	-	91,660
Supplies	23,295	10,589	-	33,884
Telephone	18,277	32,454	-	50,731
Postage	1,032	4,227	-	5,259
Occupancy	326,236	64,543	-	390,779
Printing	415	2,520	-	2,935
Travel	1,625	2,515	-	4,140
Conferences and training	4,405	100	-	4,505
Interest	126,088	7,524	-	133,612
Insurance	821	17,910	-	18,731
Bank and credit card fees	-	16,405	-	16,405
Miscellaneous operating expenses	5,660	1,259	-	6,919
Capital funding expenses	-	34,000	-	34,000
Depreciation and amortization	-	130,703	-	130,703
Scholarships	46,731	-	-	46,731
Special Events	-	-	8,129	8,129
Total Expenses	$ 2,015,148	$ 890,841	$ 8,129	$2,914,118

Hopkins House
A Center for Children & Their Families

Schedule of Functional Expenses
For the Year Ended June 30, 2019 (Restated)

	Program Services	Management and General	Fundraising and Special Events	2019 Total Expenses
Salaries	$ 1,368,961	$ 267,627	$ -	$1,636,588
Employee Benefits	51,332	15,964	-	67,296
Payroll Taxes	125,272	23,853	-	149,125
Payroll Tax Penalties & Interest	-	187,375	-	187,375
Professional services	84,643	59,839	-	144,482
Advertising	30,945	8,874	-	39,819
Perishable supplies	-	2,537	-	2,537
Student meals	131,181	-	-	131,181
Supplies	34,773	12,064	-	46,837
Telephone	23,313	21,519	-	44,832
Postage	2,289	2,123	-	4,412
Occupancy	244,083	81,461	-	325,544
Printing	923	2,790	-	3,714
Travel	3,270	2,607	-	5,878
Scholarship grants	1,190	-	-	1,190
Conferences and training	1,608	2,145	-	3,753
Interest	144,422	1,422	-	145,843
Insurance	5,727	21,850	-	27,577
Mortgage late charges	-	2,797	-	2,797
Mortgage forbearance and other charges	-	151,065	-	151,065
Bank and credit card fees	53,805	7,775	-	61,580
Miscellaneous operating expenses	10,478	5,685	-	16,163
Equipment rental and maintenance	495	7,393	-	7,888
Depreciation and amortization	-	143,000	-	143,000
Special Events	-	-	734	734
Total Expenses	$ 2,318,711	$ 1,031,765	$ 734	$3,351,210