



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B55386

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa


July 2, 2020

Board of Directors
Little Buns, Inc.
P.O. Box 1247
Carmel, IN 46082

We have reviewed the report of Little Buns, Inc., which was opined upon by Pettit & Company, LLC, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Little Buns, Inc. as of December 31, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Pettit & Company, LLC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

LITTLE BUNS, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(With Single Audit Section)

LITTLE BUNS, INC.

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Pettit & Company, LLC
435 East Main Street
Suite 195
Greenwood, IN 46143
P. 317.743.8120
F. 317.489.6047

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Little Buns, Inc.
Carmel, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Little Buns, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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 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 audits 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 Buns, Inc. as of December 31, 2018 and 2017, 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.

Other Matters

Other Information

Our audits were 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 (CFR) 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2019, on our consideration of Little Buns, Inc.'s 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 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 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 Buns, Inc.'s internal control over financial reporting and compliance.

Pettit & Company, LLC

July 24, 2019

LITTLE BUNS, INC.

**STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017**

Assets

	2018	2017
Current assets		
Cash and cash equivalents	\$ 22,697	\$ 24,378
Grants receivable	276,629	291,723
Total current assets	299,326	316,101
Property and equipment		
Furniture and fixtures	14,885	14,885
Total property and equipment	14,885	14,885
Accumulated depreciation	(10,550)	(9,907)
Net property and equipment	4,335	4,978
Total assets	\$ 303,661	\$ 321,079

Liabilities and net assets

Current liabilities		
Accounts payable	\$ 269,571	\$ 262,487
Accrued wages payable	23,577	23,708
Total current liabilities	293,148	286,195
Total liabilities	293,148	286,195
Net assets		
Net assets without donor restrictions	10,513	34,884
Total net assets	10,513	34,884
Total liabilities and net assets	\$ 303,661	\$ 321,079

LITTLE BUNS, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Revenue and other support		
Grant income	\$ 3,957,353	\$ 4,358,819
Other income	15	22
Total revenue and other support	<u>3,957,368</u>	<u>4,358,841</u>
Expenses		
Child care food program	3,834,929	4,169,023
Management and general	146,810	171,808
Total cost of operations	<u>3,981,739</u>	<u>4,340,831</u>
Change in net assets (deficit)	<u>(24,371)</u>	<u>18,010</u>
Change in net assets	(24,371)	18,010
Net assets - beginning of year without restrictions	<u>34,884</u>	<u>16,874</u>
Net assets - end of year without restrictions	<u><u>\$ 10,513</u></u>	<u><u>\$ 34,884</u></u>

LITTLE BUNS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Child care food program</u>	<u>Total program</u>	<u>Management and general</u>	<u>Total</u>
Salaries	\$ 308,079	\$ 308,079	\$ 32,340	\$ 340,419
Employee benefits	46,696	46,696	4,902	51,598
Payroll taxes	25,559	25,559	2,683	28,242
Program costs - provider payments	3,454,595	3,454,595	-	3,454,595
Contract services	-	-	30,523	30,523
Rent - office	-	-	15,852	15,852
Office supplies	-	-	11,115	11,115
Postage	-	-	902	902
Telephone	-	-	8,452	8,452
Utilities	-	-	2,719	2,719
Meals and entertainment	-	-	16,028	16,028
Professional fees	-	-	11,570	11,570
Repairs and maintenance	-	-	821	821
Printing and reproduction	-	-	239	239
Depreciation	-	-	643	643
Other expense	-	-	8,021	8,021
Total expenses	<u>\$ 3,834,929</u>	<u>\$ 3,834,929</u>	<u>\$ 146,810</u>	<u>\$ 3,981,739</u>

LITTLE BUNS, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017

	Child care food program	Total program	Management and general	Total
Salaries	\$ 320,093	\$ 320,093	\$ 33,408	\$ 353,501
Employee benefits	94,051	94,051	7,037	101,088
Payroll taxes	28,042	28,042	1,365	29,407
Program costs - provider payments	3,714,258	3,714,258	-	3,714,258
Contract services	-	-	29,340	29,340
Rent - office	-	-	7,700	7,700
Office supplies	10,974	10,974	16,095	27,069
Postage	-	-	2,607	2,607
Telephone	-	-	8,215	8,215
Utilities	-	-	3,003	3,003
Meals and entertainment	-	-	17,941	17,941
Professional fees	1,605	1,605	10,574	12,179
Vehicle expense	-	-	16,306	16,306
Repairs and maintenance	-	-	1,373	1,373
Property taxes	-	-	3,581	3,581
Printing and reproduction	-	-	3,512	3,512
Depreciation	-	-	471	471
Other expense	-	-	9,280	9,280
	\$ 4,169,023	\$ 4,169,023	\$ 171,808	\$ 4,340,831
Total expenses	\$ 4,169,023	\$ 4,169,023	\$ 171,808	\$ 4,340,831

LITTLE BUNS, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (24,371)	\$ 18,010
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	643	471
(Increase) decrease in assets		
Grants receivable	15,094	415,659
Increase (decrease) in liabilities		
Accounts payable	7,084	(428,708)
Accrued wages payable	(131)	3,845
Net cash provided by (used in) operating activities	<u>(1,681)</u>	<u>9,277</u>
Cash from investing activities		
Purchase of property and equipment	-	(4,500)
Net cash used in investing activities	<u>-</u>	<u>(4,500)</u>
Net increase in (decrease in) cash and cash equivalents	(1,681)	4,777
Cash and cash equivalents, beginning of fiscal year	<u>24,378</u>	<u>19,601</u>
Cash and cash equivalents, end of fiscal year	<u>\$ 22,697</u>	<u>\$ 24,378</u>

LITTLE BUNS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Little Buns, Inc. (the “Organization”) was incorporated as a nonprofit organization under the laws of the State of Indiana. The Organization sponsors family day care providers, licensed centers, and registered daycare ministries who desire to participate in the Child and Adult Care Food Program (“CACFP”) of the United States Department of Agriculture. The CACFP is a major federal program as determined under the criteria of Title 2 U.S. Code of Federal Regulations (“CFR”), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. In this capacity, Little Buns, Inc. passes federal funds received from the Indiana Department of Education to the family day care providers who have served meals to eligible children.

Use of estimates in the preparation of financial statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Classification of net assets

Net assets without donor restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions

Net assets subject to donor – (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

LITTLE BUNS, INC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants receivable

Grants receivable are stated at their contractual outstanding balances, net of any allowance for doubtful accounts. Grants are considered past due if any portion of a grant has not been paid in full within the contractual terms of the account. The Organization begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on the Organization's collection history, the financial stability and recent payment history of the grantor, and other pertinent factors. Based on these criteria, no allowance for doubtful accounts has been provided at both December 31, 2018 and 2017 since the Organization expects no material losses.

Property and equipment

Property and equipment are stated at cost and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method. Maintenance and repairs are charged to operation when incurred. Significant betterments and renewals greater than \$500 are capitalized.

The estimated useful lives of property and equipment for purposes of computing depreciation are:

Furniture and equipment 5-7 years

Long-lived assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount of the fair value less costs to sell. Long-lived assets were measured for impairment, and no adjustments were deemed necessary during both the years ended December 31, 2018 and 2017.

Revenue and support recognition

The Organization records revenue when earned. Revenue from government grants which are reimbursement based program revenue is recognized as costs are incurred and reimbursements are determinable.

Functional allocation of expenses

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

LITTLE BUNS, INC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement plan

The Organization provides a 401(k) retirement plan for eligible employees who meet certain criteria such as age and term of employment. Eligible employees may elect to contribute a portion of their gross salary to the plan, subject to federal tax law. The Organization expenses matching contributions each year. The Organization's maximum contribution is 8% of employees' salaries. By its nature the plan is fully funded.

Income taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Organization recognized no interest or penalties in the statements of activities for both of the years ended December 31, 2018 and 2017. If the situation arose in which the Organization would have interest to recognize it, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under federal and state statutes of limitations and remain subject to review and change. The Organization is not currently under audit nor has the Organization been contacted by these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for either of the years ended December 31, 2018 and 2017.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Management's review of subsequent events

The Management has performed an analysis of the activities and transactions subsequent to December 31, 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2018. Management has performed their analysis of subsequent events through July 24, 2019, the date the financial statements were available to be issued.

LITTLE BUNS, INC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in accounting principle

For the year ended December 31, 2018, the Organization adopted Accounting Standards Update 2016-14 Presentation of Financial Statements of Not-for-Profit Entities. This accounting standard requires the Organization to present a statement of functional expenses as well as present its net assets according to two classes, those with restrictions and those without restrictions. The Organization did not have any net assets with restrictions for the years ended December 31, 2018 and 2017.

NOTE 2 - CASH AND CASH FLOW INFORMATION

At various times throughout the year, the Organization may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000 for each business depositor. At both December 31, 2018 and 2017, the Organization had no cash in financial institutions in excess of insured limits.

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE 3 - RELATED PARTIES

The Organization leased its office facilities from the Executive Director and her spouse through November, 2017. The total amount recognized as office rent expense was \$7,700 for the year ended December 31, 2017.

The Organization leased automobiles from a company owned by the spouse of the Executive Director of the Organization through November, 2017. The total amount recognized as auto lease expense was \$9,474 for the year ended December 31, 2017.

NOTE 4 - RETIREMENT PLAN

The total 401(k) expense for the years ended December 31, 2018 and 2017 was \$17,802 and \$20,219, respectively.

LITTLE BUNS, INC.

NOTE 5 - OPERATING LEASES

In January 2018, the Organization cancelled its related party leases and entered into a new office lease. The office lease is for 63 months. The monthly base rent is \$1,585 for months 4-15, \$1,631, for months 16-27, \$1,676 for months 28-40, \$1,721 for months 41-52 and \$1,766 for months 53-65.

Future minimum lease payments are as follows:

Years Ending December 31,	
2019	\$ 19,430
2020	19,928
2021	20,426
2022	20,970
2023	<u>8,832</u>
	<u>\$ 89,586</u>

NOTE 6 - ECONOMIC DEPENDENCY AND CONCENTRATION OF RISK

Little Buns, Inc. receives 100% of its revenue from the Indiana Department of Education (IDOE). The IDOE receives funding from the U.S. Department of Agriculture (USDA). Should this funding cease, the Organization would not be able to continue operations. The Organization only operates in the state of Indiana. As of December 31, 2018 and 2017, \$276,629 and \$291,723, respectively, were due from the IDOE.

SINGLE AUDIT SECTION

LITTLE BUNS, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:				
<i>Passed Through the State of Indiana Department of Education</i>				
Child and Adult Care Food Program	10.558	29-0040	<u>\$ 3,454,595</u>	<u>\$ 3,957,353</u>
Total Expenditures of Federal Awards			<u>\$ 3,454,595</u>	<u>\$ 3,957,353</u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards includes the federal grant activity of Little Buns, Inc. and is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Little Buns, Inc. has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance. Per the major program requirements, Little Buns' is awarded a 15% administration fee on centers served and a per meal served fee on homes served.

NOTE 3 – SUB-RECIPIENTS

The Organization provided grants to approximately 145 licensed home day care providers and registered day care ministries for carrying out the federal program.

LITTLE BUNS, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section II Financial Statement Findings

Finding 2017-001

Condition: The auditor noted instances where the Executive Director used her personal credit card to purchase goods for the Organization. The Director reimbursed herself and double counted some invoices.

Status: Cleared.

Section III Federal Award Findings

Finding 2017-002

Condition: The auditor found that in six instances Little Buns, Inc. did not perform the three required monitor reviews during the year.

Status: Cleared.

Finding 2017-003

Condition: The Indiana Department of Education did not approve a medical expenses allowance of \$3,000 a month per employee.

Status: Cleared.



Pettit & Company, LLC
435 East Main Street
Suite 195
Greenwood, IN 46143
P. 317.743.8120
F. 317.489.6047

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Little Buns, Inc.
Carmel, Indiana

We have audited, in accordance with the 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, the financial statements of Little Buns, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Little Buns, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Little Buns, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Little Buns, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Little Buns, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pettit & Company, LLC

July 24, 2019



Pettit & Company, LLC
435 East Main Street
Suite 195
Greenwood, IN 46143
P. 317.743.8120
F. 317.489.6047

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors of
Little Buns, Inc.
Carmel, Indiana

Report on Compliance for Each Major Federal Program

We have audited Little Buns, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Little Buns, Inc.'s major federal programs for the year ended December 31, 2018. Little Buns, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Little Buns, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Little Buns, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Little Buns, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Little Buns, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of Little Buns, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Little Buns, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Little Buns, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pettit & Company, LLC

July 24, 2019

LITTLE BUNS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported.

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of OMB Uniform Guidance? Yes No

Identification of major programs tested:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs \$750,000.

Auditee qualified as low-risk auditee? No

LITTLE BUNS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section II Financial Statement Findings

No financial statement findings for the year ended December 31, 2018.

Section III Federal Award Findings

No federal award findings for the year ended December 31, 2018.