

SUNFLOWER HOUSE, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018



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**SUNFLOWER HOUSE, INC.
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YEARS ENDED JUNE 30, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sunflower House, Inc.
Shawnee, Kansas

We have audited the accompanying financial statements of Sunflower House, Inc. (a nonprofit organization) (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018 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.

Auditors' 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. 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 auditors' 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 Organization'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 Organization'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.

Board of Directors
Sunflower House, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunflower House, Inc. as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14 *Not-For-Profit (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Overland Park, Kansas
October 15, 2019

SUNFLOWER HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 28,030	\$ 173,876	\$ 201,906	\$ 99,583	\$ 172,081	\$ 271,664
Beneficial Interest in Assets Held by Community Foundation,	28,763	113,381	142,144	43,963	113,381	157,344
Investment Securities	454,899	-	454,899	182,371	-	182,371
Accounts Receivable	15,699	-	15,699	78	-	78
Grants Receivable	175,846	52,516	228,362	77,552	64,490	142,042
Auction Inventory	-	-	-	1,114	-	1,114
Prepaid Expenses	20,814	-	20,814	19,201	-	19,201
Pledges Receivable, Net of an Allowance for Doubtful Accounts at June 30, 2019 and 2018 of \$2,500 and \$2,500, Respectively	28,540	-	28,540	26,220	-	26,220
Total Current Assets	752,591	339,773	1,092,364	450,082	349,952	800,034
FIXED ASSETS						
Land and Improvements	402,936	-	402,936	402,936	-	402,936
Building	2,287,775	-	2,287,775	2,287,775	-	2,287,775
Website Development	36,375	-	36,375	36,375	-	36,375
Office Equipment	425,417	-	425,417	369,716	-	369,716
Total Fixed Assets	3,152,503	-	3,152,503	3,096,802	-	3,096,802
Less: Accumulated Depreciation	(1,329,276)	-	(1,329,276)	(1,244,865)	-	(1,244,865)
Net Fixed Assets	1,823,227	-	1,823,227	1,851,937	-	1,851,937
OTHER ASSETS						
Pledges Receivable	28,535	-	28,535	48,938	-	48,938
Total Other Assets	28,535	-	28,535	48,938	-	48,938
Total Assets	\$ 2,604,353	\$ 339,773	\$ 2,944,126	\$ 2,350,957	\$ 349,952	\$ 2,700,909

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2019 AND 2018

LIABILITIES AND NET ASSETS	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES						
Accounts Payable	\$ 44,929	\$ -	\$ 44,929	\$ 31,414	\$ -	\$ 31,414
Accrued Payroll Liabilities	35,097	-	35,097	37,987	-	37,987
Deferred Revenue	1,950	-	1,950	900	-	900
Current Portion of Capital Lease Obligation	8,060	-	8,060	-	-	-
Total Current Liabilities	90,036	-	90,036	70,301	-	70,301
CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION	33,641	-	33,641	-	-	-
Total Liabilities	123,677	-	123,677	70,301	-	70,301
NET ASSETS						
Without Donor Restrictions	2,480,676	-	2,480,676	2,280,656	-	2,280,656
With Donor Restrictions	-	339,773	339,773	-	349,952	349,952
Total Net Assets	2,480,676	339,773	2,820,449	2,280,656	349,952	2,630,608
Total Liabilities and Net Assets	\$ 2,604,353	\$ 339,773	\$ 2,944,126	\$ 2,350,957	\$ 349,952	\$ 2,700,909

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT						
United Way	\$ 82,938	\$ -	\$ 82,938	\$ 90,814	\$ -	\$ 90,814
Grants	876,833	234,716	1,111,549	732,232	204,000	936,232
Special Events, Net of Cost of Goods Sold in Fiscal Year 2019 and 2018 of \$106,826 and \$112,916, Respectively	222,863	-	222,863	160,840	-	160,840
Contributions	260,658	-	260,658	320,489	-	320,489
Total Support	<u>1,443,292</u>	<u>234,716</u>	<u>1,678,008</u>	<u>1,304,375</u>	<u>204,000</u>	<u>1,508,375</u>
REVENUE						
Realized and Unrealized Gains on Beneficial Interest in Assets Held by Community Foundation, Net	16,750	-	16,750	7,602	-	7,602
Realized and Unrealized Gains on Investment Securities	2,505	-	2,505	2,505	-	2,505
Interest and Dividend Income	13,718	-	13,718	8,459	-	8,459
Fee and Other Income	49,137	-	49,137	37,645	-	37,645
Total Revenue	<u>82,110</u>	<u>-</u>	<u>82,110</u>	<u>56,211</u>	<u>-</u>	<u>56,211</u>
Net Assets Released from Restriction due to Satisfaction of Purpose	244,895	(244,895)	-	85,326	(85,326)	-
Total Support and Revenue	<u>\$ 1,770,297</u>	<u>\$ (10,179)</u>	<u>\$ 1,760,118</u>	<u>\$ 1,445,912</u>	<u>\$ 118,674</u>	<u>\$ 1,564,586</u>

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
Program Services:						
Education	\$ 239,906	\$ -	\$ 239,906	\$ 228,396	\$ -	\$ 228,396
Child Assessment	933,387	-	933,387	891,209	-	891,209
Supporting Services:						
Community Relations	55,137		55,137	53,490		53,490
Fundraising	147,535	-	147,535	146,142	-	146,142
Management/Administrative	194,312	-	194,312	163,286	-	163,286
Total Expenses	1,570,277	-	1,570,277	1,482,523	-	1,482,523
CHANGE IN NET ASSETS	200,020	(10,179)	189,841	(36,611)	118,674	82,063
Net Assets - Beginning of Year	2,280,656	349,952	2,630,608	2,317,267	231,278	2,548,545
NET ASSETS - END OF YEAR	\$ 2,480,676	\$ 339,773	\$ 2,820,449	\$ 2,280,656	\$ 349,952	\$ 2,630,608

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services		Supporting Services			Total
	Education	Child Assessment	Community Relations	Fundraising	Management / Administrative	
Dues and Subscriptions	\$ 724	\$ 2,247	\$ 196	\$ 440	\$ 392	\$ 3,999
Bad Debt	-	-	-	-	17,245	17,245
Data Processing	1,665	5,170	451	1,012	902	9,200
Employee Benefits	16,393	50,901	4,438	9,963	8,876	90,571
Insurance	6,140	19,063	1,662	3,731	3,324	33,920
Interest Expense	-	-	-	-	1,421	1,421
Maintenance	17,801	50,732	-	8,010	12,460	89,003
Mileage and Travel	1,653	5,131	447	1,004	895	9,130
Miscellaneous	-	-	107	86	13,964	14,157
Supplies	10,445	32,431	2,827	6,347	5,655	57,705
Payroll Taxes	9,958	30,921	2,696	6,052	5,392	55,019
Personnel	138,330	429,510	37,448	84,068	74,897	764,253
Postage/Shipping	783	2,431	212	476	424	4,326
Printing	1,540	4,782	417	936	834	8,509
Professional Services	-	193,365	-	-	26,161	219,526
Property Tax	230	657	-	104	161	1,152
Public Relations	-	-	4,236	7,584	-	11,820
Staff Development	3,157	20,066	-	392	145	23,760
Telephone	2,191	6,244	-	986	1,534	10,955
Utilities	6,456	18,401	-	2,905	4,519	32,281
Volunteer Recognition	1,975	3,008	-	4,230	785	9,998
Depreciation	20,465	58,327	-	9,209	14,326	102,327
Total Expenses by Function	\$ 239,906	\$ 933,387	\$ 55,137	\$ 147,535	\$ 194,312	\$ 1,570,277

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services		Supporting Services			Total
	Education	Child Assessment	Community Relations	Fundraising	Management / Administrative	
Dues and Subscriptions	\$ 959	\$ 2,977	\$ 260	\$ 583	\$ 519	\$ 5,298
Bad Debt	-	-	-	-	9,041	9,041
Data Processing	1,156	3,591	313	703	626	6,389
Employee Benefits	12,861	39,931	3,482	7,816	6,963	71,053
Insurance	5,003	15,534	1,354	3,041	2,709	27,641
Maintenance	13,462	38,368	-	6,058	9,424	67,312
Mileage and Travel	1,718	5,334	465	1,044	930	9,491
Miscellaneous	-	-	-	2,434	9,465	11,899
Supplies	10,851	33,692	2,938	6,595	5,875	59,951
Payroll Taxes	9,569	29,711	2,590	5,815	5,181	52,866
Personnel	134,038	416,185	36,287	81,460	72,573	740,543
Postage/Shipping	1,103	3,423	299	670	597	6,092
Printing	1,851	5,747	501	1,125	1,002	10,226
Professional Services	-	193,350	-	-	25,507	218,857
Property Taxes	230	657	-	104	161	1,152
Public Relations	-	-	5,001	-	-	5,001
Special Events	-	-	-	8,885	-	8,885
Staff Development	1,939	12,325	-	241	89	14,594
Telephone	3,132	8,703	-	1,429	1,169	14,433
Utilities	7,543	20,961	-	3,441	2,816	34,761
Volunteer Recognition	2,500	3,807	-	5,354	994	12,655
Depreciation	20,481	56,913	-	9,344	7,645	94,383
Total Expenses by Function	\$ 228,396	\$ 891,209	\$ 53,490	\$ 146,142	\$ 163,286	\$ 1,482,523

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 189,841	\$ 82,063
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	102,327	94,383
Bad Debt	17,245	9,041
Donated Stock	(9,816)	(9,670)
Realized and Unrealized (Gains) Losses on Investment Securities, Net	(14,420)	(2,505)
Realized and Unrealized (Gains) Losses on Beneficial Interest in Assets Held by Community Foundation	(4,688)	(7,602)
Changes in:		
Grants Receivable	(86,320)	31,098
Pledges Receivable	838	(2,314)
Accounts Receivable	(15,621)	3,183
Prepaid Expenses	(1,613)	(10,442)
Auction Inventory	1,114	-
Accounts Payable and Accrued Liabilities	10,625	11,219
Deferred Revenue	1,050	(450)
Net Cash Provided by Operating Activities	190,562	198,004
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(27,415)	(17,329)
Purchase of Investment Securities	(247,785)	(109,098)
Reinvestment of Investment Income, Net of Fees	(12,287)	(1,863)
Proceeds from Sale of Investment Securities	31,668	29,868
Net Cash Used by Investing Activities	(255,819)	(98,422)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Liabilities	(4,501)	-
Net Cash Used by Financing Activities	(4,501)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(69,758)	99,582
Cash and Cash Equivalents - Beginning of Year	271,664	172,082
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 201,906	\$ 271,664
NON-CASH FINANCING AND INVESTING ACTIVITIES		
Property and Equipment Acquired through Capital Lease	\$ 46,202	\$ -
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 1,421	\$ -

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Sunflower House, Inc. (the Organization) was formed to help prevent child physical and sexual abuse in Johnson County and Wyandotte County, Kansas. Its current programs include:

Education: Staff and volunteers provide community education and outreach programs to schools, service organizations, parent groups, religious organizations, and professional associations. This education includes child personal safety training, training on how to recognize and report child abuse, training on the practices of child-friendly investigation of abuse allegations for professionals in law enforcement, child protection, medical, mental health and prosecution.

Child Assessment: Staff work with professionals in law enforcement, child protection, medical, mental health and prosecution to enhance the investigation of abuse allegations in a neutral child-friendly setting. These services include child-friendly investigative interviews, family advocacy and support, child and family therapy, and information and referral.

Community Relations: Staff provide public relations, community outreach, and networking to the general public to promote understanding of the services provided by the Organization. These costs are not included in the above programs as they do not relate directly to education or child assessment.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash equivalents for purposes of the statements of cash flows consists of cash on hand, cash in bank accounts and money market accounts.

Auction Inventory

Auction inventory consists of donated or purchased items to be auctioned off at the Organization's Valentine Gala fundraiser. The inventory is carried at the fair value as of the date of donation or cost if the item was purchased.

**SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

No provision for income taxes is included in the statement of activities since the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

The Organization accounts for income taxes in accordance with FASB ASC 740, *Accounting for Income Taxes*, which provides guidance on how to measure and account for various tax positions. The Organization has determined that no material unrecognized tax benefits or liabilities exist as of June 30, 2019 and 2018 for the Organization. If applicable, the Organization will recognize interest and penalties related to the underpayment of income taxes in the period incurred. The Organization is not at the present time under examination by any taxing authority.

Fixed Assets

The Organization capitalizes assets costing greater than \$3,500 with a useful life of more than one year. Fixed assets are carried at cost, if purchased, and fair value as of the contribution date if contributed. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, which is generally 5 to 7 years for office equipment; 15 to 39 years for building and land improvements; and three years for website development. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. When fixed assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenue or expenses. Depreciation expense for the years ended June 30, 2019 and 2018 is \$102,327 and \$94,383, respectively.

Contributed Services and Goods

Various individuals and organizations have made significant contributions of their time and products for the benefit of Sunflower House, Inc. The Organization records contributed services and goods as revenue and assets or expenses if the services or goods create or enhance a nonfinancial asset or when the contributions are goods and services that would typically need to be purchased by the Organization if such goods and services had not been contributed.

Contributed products and services recognized as revenue during the years ended June 30, 2019 and 2018 were:

	2019	2018
Donated Supplies and Wish List Items (Used for Child Assessment)	\$ 29,200	\$ 25,000
Auction Items for Valentine Gala	38,810	34,000
Legal Services	900	5,000
Donated Stock	9,816	9,600
Fish Tank Maintenance	1,900	2,000
Total	\$ 80,626	\$ 75,600

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Pledges Receivable

Pledges receivable are generally due within one year and are stated at the pledged amount. The carrying amount of pledges receivable is reduced by the amount of a discount related to those pledges that are to be collected over a period longer than one year.

The Organization carries its pledges receivable net of an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its pledges receivable and establishes an allowance for doubtful accounts, based on history of past write-offs and collections. The Organization had an allowance for doubtful accounts of \$2,500 for each of the years ended June 30, 2019 and 2018. Pledges receivable have various due dates, generally over 1 to 3 years, depending on the nature of the pledge. Pledges that are past due are considered delinquent and are written off as uncollectible at the time management determines that collection is unlikely.

Accounts Receivable

The Organization carries its accounts receivable net of an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on history of past write-offs and collections. At June 30, 2019 and 2018, the Organization determined that no allowance for doubtful accounts was necessary for accounts receivable. Accounts receivable are generally due within 90 days. Accounts receivable that are past due are considered delinquent and are written off as uncollectible at the time management determines that collection is unlikely.

Grants Receivable

The Organization receives various grants receivable from private and public agencies and carries these net of an allowance for doubtful accounts. The allowance for doubtful accounts is evaluated periodically based on history of past write-offs and collections. At June 30, 2019 and 2018, the Organization determined that no allowance for doubtful accounts was necessary for grants receivable.

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.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

New Accounting Pronouncement Effective in Future Accounting Period

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization for the year ending June 30, 2021. Management will be evaluating the effects of this new standard.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 is effective for the fiscal year ending June 30, 2020. Management will be evaluating the effects of this new standard.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 CAPITAL LEASE OBLIGATION

The Organization entered into a capital lease for office equipment during the year ended June 30, 2019 valued at approximately \$46,000. The lease expires in 2024. The assets and liabilities under this capital lease are recorded at the present value of the future minimum lease payments. The assets are amortized over their useful lives. Depreciation expense for the year ended June 30, 2019 was approximately \$5,100.

Future minimum lease payments required under this capital lease is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 10,152
2021	10,152
2022	10,152
2023	10,152
2024	<u>6,768</u>
Total Minimum Lease Payments	47,376
Less: Amount Representing Interest	<u>(5,675)</u>
Total	<u>\$ 41,701</u>

NOTE 3 PLEDGES RECEIVABLE

Contributors to the Organization have unconditionally promised to give as follows:

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Receivable in Less Than One Year, Net of Allowance	\$ 28,540	\$ 26,220
Receivable in One to Five years	<u>28,535</u>	<u>48,938</u>
Total Unconditional Promises to Give	<u>\$ 57,075</u>	<u>\$ 75,158</u>

The Organization has been informed by multiple donors naming Sunflower House, Inc. as a charitable foundation in their wills or trusts. Since these gifts are either revocable, or the charity named can be changed by the donor, they are not reflected within the accompanying financial statements due to their conditional nature.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at June 30:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Capital Campaign for Repairs and Maintenance	\$ 98,941	\$ 127,272
Child Assessment	59,014	50,586
Education Programming	67,965	55,463
Staff Development	472	3,250
Subject to Endowment Restriction	<u>113,381</u>	<u>113,381</u>
Total Net Assets with Donor Restrictions	<u>\$ 339,773</u>	<u>\$ 349,952</u>

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 BENEFICIAL INTEREST IN NET ASSETS HELD BY COMMUNITY FOUNDATION

The Organization signed an agreement with the Greater Kansas City Community Foundation (the Foundation) to establish the Sunflower House Foundation Fund (the Fund), whereby the Organization originally transferred funds in the amount of \$64,038 to the Foundation.

The original purpose of the Fund was to serve as an endowment for the Organization with the annual net income of the Fund to be distributed to the Organization.

During 2006, the Organization amended its Sunflower House Foundation Fund Establishment Document. The intent of the agreement is that the income and principal of the fund be unrestricted as to its use and be distributed to the Organization upon receipt of the written recommendation of not less than two Board officers. However, the agreement states that the Foundation reserves the right to make the final decisions regarding distributions from the Fund.

At June 30, 2019 and 2018 the Organization's beneficial interest in net assets held by the Foundation totaled \$142,144 and \$157,344, respectively.

NOTE 6 PENSION PLAN

The Organization sponsors a defined contribution plan, with a 401(k) feature, covering all employees who have completed one year of service and have reached the age of 21. Matching contributions to the plan are discretionary. The Organization made \$17,165 worth of contributions in 2019 and \$0 for 2018.

NOTE 7 CONCENTRATIONS

Approximately 30% and 29% of the Organization's support was derived from the Victims of Crime Act government grant during the years ended June 30, 2019 and 2018, respectively.

Additionally, at June 30, 2019, approximately 96% of the Organization's receivables are due from four grants. Approximately 45% of the Organization's receivables at June 30, 2018, were due from four grants.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 LINE OF CREDIT

The Organization has a revolving promissory note agreement with Country Club Bank (the Bank) for advances up to \$200,000 which matures on January 15, 2020. Under the agreement, interest accrues on the unpaid balance of the note at the prime rate, but not less than 5%.

The line of credit is secured by all property of the Organization. The Organization is required to submit internally compiled annual financial statements to the Bank within 90 days of the Organization's fiscal year-end. At June 30, 2019 and 2018, the Organization has no balance outstanding on this line of credit.

NOTE 9 INVESTMENTS

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statement of activities. The Finance Committee of the Organization, following Board policy, is responsible for ensuring the investments are appropriately diversified. The finance committee also determines the investments to be set aside as Board restricted, or Board designated operating reserves, and approves all transfers from these investments to other funds to support the Organization.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Investments at June 30, 2019 and 2018 are comprised of the following at fair value:

	<u>2019</u>	<u>2018</u>
Mutual Funds	\$ 183,953	\$ 81,047
Preferred Stocks	270,946	101,324
Total	<u>\$ 454,899</u>	<u>\$ 182,371</u>

Investment returns consist of the following for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and Dividends	\$ 10,175	\$ 4,550
Realized Gains (Losses), Net	(148)	(880)
Unrealized Gains (Losses), Net	14,568	3,385
Total Investment Returns	<u>\$ 24,595</u>	<u>\$ 7,055</u>
Total Investment Fees	<u>\$ 722</u>	<u>\$ 316</u>

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NOTE 10 FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date.

Level 2 - Directly or indirectly observable inputs as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.

Level 3 - Unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used needed to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Beneficial Interest in Assets Held by Community Foundation: Valued at contract value, which approximates fair value. Contract value represents contributions made under the contract, plus investment income and appreciation (depreciation), less withdrawals and administrative expenses.

Investment Securities: Publicly traded stocks, and mutual funds are valued at unadjusted, quoted market prices in active markets at June 30, 2019 and 2018.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019 and 2018:

	Assets at Fair Value as of June 30, 2019			Total
	Level 1	Level 2	Level 3	
Beneficial Interest in Assets				
Held by Community Foundation	\$ -	\$ -	\$ 142,144	\$ 142,144
Mutual Funds	183,953	-	-	183,953
Preferred Stocks	270,946	-	-	270,946
Total	<u>\$ 454,899</u>	<u>\$ -</u>	<u>\$ 142,144</u>	<u>\$ 597,043</u>

	Assets at Fair Value as of June 30, 2018			Total
	Level 1	Level 2	Level 3	
Beneficial Interest in Assets				
Held by Community Foundation	\$ -	\$ -	\$ 157,344	\$ 157,344
Mutual Funds	81,047	-	-	81,047
Preferred Stocks	101,324	-	-	101,324
Total	<u>\$ 182,371</u>	<u>\$ -</u>	<u>\$ 157,344</u>	<u>\$ 339,715</u>

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2019 and 2018:

	Beneficial Interest in Assets Held by Community Foundation
Balance - July 1, 2018	\$ 157,344
Interest and Dividends	3,542
Net Gains (Losses)	4,688
Administrative Fees	(1,430)
Approved Grants	(22,000)
Balance - June 30, 2019	<u>\$ 142,144</u>
Balance - July 1, 2017	\$ 147,879
Interest and Dividends	3,414
Net Gains (Losses)	7,602
Administrative Fees	(1,551)
Balance - June 30, 2018	<u>\$ 157,344</u>

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 ENDOWMENT

Endowment Overview

The Sunflower House, Inc.'s Board of Directors (Board) has fiduciary responsibility to its donors for the prudent management and use of agency assets. The Organization seeks, invests, and distributes funds to achieve its mission to prevent child abuse and neglect in our community, through child-centered programs and interventions. It is the intent of the Organization's Board that investments of its charitable assets be made to facilitate current and future charitable needs of the Organization.

Sunflower House, Inc.'s endowment includes donor restricted funds of \$113,381. Net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions or in accordance with the Board's interpretation of relevant law.

The primary long-term investment objective of the investment portfolio is to seek competitive market returns so as to preserve and grow the capital funds and to provide cash flows to fund distributions. The investment program should be designed to participate in up markets and more importantly provide protection in down and sideways capital markets.

The Organization's Board of Directors recognizes that the return objectives may be difficult to achieve in the short-term, but should be attainable over 10 or 15-year periods. Over shorter time frames, the Organization's investment portfolio will seek to outperform a composite of market indices.

The Board of Directors recognizes that prudent investing requires taking reasonable risks in order to raise the likelihood of achieving the targeted investment returns. The investment portfolio is structured to maintain prudent levels of diversification. Diversification of assets is employed to ensure that adverse results from one asset class will not have an unduly detrimental effect on the investment portfolio. The Board of Directors interprets diversification to include diversification by type, by characteristic, and by number of investments, as well as by the hiring of manager(s) that employ different management styles.

Interpretation of Laws Governing Donor Restricted Endowment Funds

Sunflower House, Inc. follows the state of Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents.

UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 ENDOWMENT (CONTINUED)

Interpretation of Laws Governing Donor Restricted Endowment Funds (Continued)

The Board of Directors has determined that the majority of its contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Board of Directors. Under the terms of Organization's governing documents, the Board of Directors has the ability to distribute so much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

Policies for Appropriation of Endowment Assets

The Sunflower House, Inc.'s Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of those endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective.

The investment policy establishes an achievable return objective through diversification of asset classes. The current absolute target return goal on an annualized basis is inflation plus 5%. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Sunflower House, Inc.'s Board of Directors relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Board of Directors targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters. The spending policy calculates the amount of money annually distributed from Sunflower House, Inc.'s various endowed funds for grant making and administration. The Board's current spending policy is to fund capital improvements with investment income and or principal, and to fund agency operations with investment income up to \$25,000, which is further limited to keeping the corpus of the donor restricted assets intact. As the earnings on the endowment are minor, the Organization deems earnings as automatically appropriated each year.

Endowment consists of \$113,381 of donor restricted funds for the year ended June 30, 2019 and 2018.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, equity securities, and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identify the sources and uses of the Organization's cash and the amount of cash generated or used by operations for the years ended June 30, 2019 and 2018.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2019	2018
Cash and Cash Equivalents	\$ 201,906	\$ 271,664
Accounts, Grants, and Pledges Receivable	301,136	217,278
Beneficial Interest in Assets Held by Community Foundation	142,144	157,344
Investment Securities	454,899	182,371
	<u>1,100,085</u>	<u>828,657</u>
Contractual or Donor Imposed Restrictions:		
Cash Restricted to Specific Uses	(173,876)	(172,081)
Grants Receivable Restricted to Specific Uses	(52,516)	(64,490)
Pledges Not Receivable Within One Year	(28,535)	(48,938)
Endowment	(113,381)	(113,381)
Total Contractual or Donor Imposed Restrictions:	<u>(368,308)</u>	<u>(398,890)</u>
Financial Assets to Meet Cash Needs for Expenditures		
Within One Year	<u>\$ 731,777</u>	<u>\$ 429,767</u>

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 15, 2019, the date which the financial statements were available for issue.

NOTE 14 RECLASSIFICATIONS

Certain reclassifications of prior year amounts have been made to conform to the presentation adopted for 2019 related to Note 1 Changes in Accounting Principle and to reclassify expenses for the separation of Community Relations in the Statements of Functional Expenses. These reclassifications had no effect on previously reported change in net assets or total net assets.