

**SUNFLOWER HOUSE, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**SUNFLOWER HOUSE, INC.**  
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**YEARS ENDED JUNE 30, 2021 AND 2020**

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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, 2021 and 2020 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, 2021 and 2020, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Overland Park, Kansas  
November 19, 2021

**SUNFLOWER HOUSE, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 961,923	\$ 74,795	\$ 1,036,718	\$ 466,406	\$ 173,667	\$ 640,073
Beneficial Interest in Assets Held by Community Foundation	68,957	113,381	182,338	34,627	113,381	148,008
Investment Securities	498,876	-	498,876	450,349	-	450,349
Accounts Receivable	35,110	-	35,110	1,658	-	1,658
Grants Receivable	63,145	67,631	130,776	70,503	83,119	153,622
Auction Inventory	407	-	407	-	-	-
Prepaid Expenses	10,212	-	10,212	9,624	-	9,624
Pledges Receivable, Net of an Allowance for Doubtful Accounts at June 30, 2021 and 2020 of \$- and \$2,500, Respectively	11,600	-	11,600	30,325	13,200	43,525
Total Current Assets	<u>1,650,230</u>	<u>255,807</u>	<u>1,906,037</u>	<u>1,063,492</u>	<u>383,367</u>	<u>1,446,859</u>
<b>FIXED ASSETS</b>						
Land and Improvements	402,936	-	402,936	402,936	-	402,936
Building	2,355,997	-	2,355,997	2,287,775	-	2,287,775
Website Development	36,375	-	36,375	36,375	-	36,375
Office Equipment	425,417	-	425,417	425,417	-	425,417
Total Fixed Assets	3,220,725	-	3,220,725	3,152,503	-	3,152,503
Less: Accumulated Depreciation	(1,511,463)	-	(1,511,463)	(1,423,941)	-	(1,423,941)
Net Fixed Assets	<u>1,709,262</u>	<u>-</u>	<u>1,709,262</u>	<u>1,728,562</u>	<u>-</u>	<u>1,728,562</u>
<b>OTHER ASSETS</b>						
Pledges Receivable	-	-	-	-	8,600	8,600
Total Other Assets	-	-	-	-	8,600	8,600
Total Assets	<u>\$ 3,359,492</u>	<u>\$ 255,807</u>	<u>\$ 3,615,299</u>	<u>\$ 2,792,054</u>	<u>\$ 391,967</u>	<u>\$ 3,184,021</u>

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2021 AND 2020**

	2021		2020		Total
	Without Donor Restrictions	With Donor Restriction	Without Donor Restrictions	With Donor Restriction	
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 163,338	\$ -	\$ 163,338	\$ 43,038	\$ 43,038
Accrued Payroll Liabilities	55,678	-	55,678	49,963	49,963
Deferred Revenue	-	-	-	-	-
Current Portion of Capital Lease Obligation	8,995	-	8,995	8,514	8,514
Current Portion of Note Payable	-	-	-	79,575	79,575
Total Current Liabilities	<u>228,011</u>	<u>-</u>	<u>228,011</u>	<u>181,090</u>	<u>181,090</u>
<b>LONG TERM LIABILITIES</b>					
Capital Lease Obligation, Net of Current Portion	16,132	-	16,132	25,127	25,127
Note Payable, Net of Current Portion	180,900	-	180,900	101,325	101,325
Total Long Term Liabilities	<u>197,032</u>	<u>-</u>	<u>197,032</u>	<u>126,452</u>	<u>126,452</u>
Total Liabilities	425,043	-	425,043	307,542	307,542
<b>NET ASSETS</b>					
Without Donor Restrictions	2,934,449	-	2,934,449	2,484,512	2,484,512
With Donor Restrictions	-	255,807	255,807	-	391,967
Total Net Assets	<u>2,934,449</u>	<u>255,807</u>	<u>3,190,256</u>	<u>2,484,512</u>	<u>2,876,479</u>
Total Liabilities and Net Assets	<u>\$ 3,359,492</u>	<u>\$ 255,807</u>	<u>\$ 3,615,299</u>	<u>\$ 2,792,054</u>	<u>\$ 3,184,021</u>

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>SUPPORT</b>				
United Way	\$ 54,378	-	\$ 75,370	\$ 15,840
Grants	861,648	218,699	807,178	227,225
Special Events, Net of Cost of Goods Sold in Fiscal Year 2021 and 2020 of \$62,096 and \$96,429, Respectively	140,161	-	194,120	-
Contributions	504,918	-	306,061	8,600
Total Support	<u>1,561,105</u>	<u>218,699</u>	<u>1,382,729</u>	<u>251,665</u>
		Total		Total
	\$ 54,378	\$ 54,378	\$ 75,370	\$ 91,210
	861,648	1,080,347	807,178	1,034,403
	140,161	140,161	194,120	194,120
	504,918	504,918	306,061	314,661
	<u>1,561,105</u>	<u>1,779,804</u>	<u>1,382,729</u>	<u>1,634,394</u>
<b>REVENUE</b>				
Realized and Unrealized Gains on Beneficial Interest in Assets Held by Community Foundation, Net	32,933	-	2,533	-
Realized and Unrealized (Loss) on Investment Securities	78,714	-	(2,009)	-
Interest and Dividend Income	15,058	-	20,703	-
Fee and Other Income	240,284	-	35,266	-
Total Revenue	<u>366,989</u>	<u>-</u>	<u>56,493</u>	<u>-</u>
Net Assets Released from Restriction due to Satisfaction of Purpose	354,859	(354,859)	199,471	(199,471)
Total Support and Revenue	<u>2,282,953</u>	<u>(136,160)</u>	<u>1,638,693</u>	<u>52,194</u>
		Total		Total
	354,859	-	199,471	-
	2,282,953	2,146,793	1,638,693	1,690,887

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.  
STATEMENTS OF ACTIVITIES (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
		Total		Total
<b>EXPENSES</b>				
Program Services:				
Education	\$ 275,567	\$ 275,567	\$ 257,926	\$ 257,926
Child Assessment	1,119,862	1,119,862	956,521	956,521
Supporting Services:				
Community Relations	48,429	48,429	53,943	53,943
Fundraising	215,018	215,018	199,071	199,071
Management/Administrative	174,140	174,140	167,396	167,396
Total Expenses	<u>1,833,016</u>	<u>1,833,016</u>	<u>1,634,857</u>	<u>1,634,857</u>
<b>CHANGE IN NET ASSETS</b>	449,937	(136,160)	3,836	52,194
Net Assets - Beginning	<u>2,484,512</u>	<u>391,967</u>	<u>2,480,676</u>	<u>339,773</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,934,449</u>	<u>\$ 255,807</u>	<u>\$ 2,484,512</u>	<u>\$ 391,967</u>

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

2021

	Program Services		Supporting Services			Total
	Education	Child Assessment	Community Relations	Fundraising	Management / Administrative	
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ 62,096	\$ -	\$ 62,096
Dues and Subscriptions	1,332	4,195	329	1,041	759	7,656
Bad Debt	-	-	-	-	3,431	3,431
Data Processing	1,349	4,248	333	1,054	767	7,751
Employee Benefits	19,116	60,204	4,724	14,941	10,876	109,861
Insurance	6,184	19,478	1,528	4,834	3,519	35,543
Interest Expense	-	-	-	-	1,638	1,638
Maintenance	11,089	31,604	-	4,990	7,762	55,445
Mileage and Travel	745	2,347	184	582	424	4,282
Miscellaneous	31,076	83,682	-	23,012	11,674	149,444
Supplies	10,314	32,482	2,549	8,061	5,868	59,274
Payroll Taxes	10,088	31,771	2,493	7,885	5,740	57,977
Personnel	144,748	455,873	35,771	113,136	82,357	831,885
Postage/Shipping	759	2,389	187	593	432	4,360
Printing	1,339	4,218	331	1,047	762	7,697
Professional Services	6,349	267,065	-	3,019	15,971	292,404
Property Tax	230	657	-	104	161	1,152
Public Relations	663	1,527	-	15,941	-	18,131
Staff Development	310	32,773	-	368	-	33,451
Telephone	1,415	4,034	-	637	991	7,077
Utilities	10,157	28,947	-	4,571	7,110	50,785
Volunteer Recognition	800	2,480	-	1,326	1,645	6,251
Depreciation	17,504	49,888	-	7,877	12,253	87,522
<b>Total Expenses by Function</b>	<b>\$ 275,567</b>	<b>\$ 1,119,862</b>	<b>\$ 48,429</b>	<b>\$ 277,115</b>	<b>\$ 174,140</b>	<b>\$ 1,895,113</b>
Less: Expenses Included with Revenues on the Statement of Activities	-	-	-	62,096	-	62,096
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>275,567</b>	<b>1,119,862</b>	<b>48,429</b>	<b>215,019</b>	<b>174,140</b>	<b>1,833,017</b>

See accompanying Notes to Financial Statements.

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**SUNFLOWER HOUSE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	2020				
	Program Services		Supporting Services		
	Education	Child Assessment	Community Relations	Fundraising	Management / Administrative
	\$	\$	\$	\$	\$
Cost of Goods Sold	-	-	-	96,429	-
Dues and Subscriptions	653	1,921	162	513	361
Bad Debt	-	-	-	-	3,500
Data Processing	2,034	5,978	506	1,596	1,124
Employee Benefits	19,854	58,356	4,936	15,576	10,970
Insurance	6,233	18,322	1,550	4,890	3,444
Interest Expense	-	-	-	-	2,092
Maintenance	16,266	46,357	-	7,320	11,386
Mileage and Travel	1,757	5,164	437	1,378	971
Miscellaneous	191	1,980	-	1,016	7,592
Supplies	13,010	38,238	3,234	10,206	7,188
Payroll Taxes	10,416	30,616	2,590	8,172	5,755
Personnel	148,047	435,144	36,807	116,147	81,794
Postage/Shipping	981	2,883	244	770	542
Printing	1,918	5,638	477	1,505	1,060
Professional Services	6,224	217,512	-	2,706	9,788
Property Taxes	230	657	-	104	161
Public Relations	-	-	3,000	-	-
Staff Development	3,029	9,780	-	14,031	105
Telephone	1,452	4,138	-	653	1,016
Utilities	6,265	17,856	-	2,819	4,386
Volunteer Recognition	433	2,022	-	1,149	908
Depreciation	18,933	53,959	-	8,520	13,253
<b>Total Expenses by Function</b>	<b>\$ 257,926</b>	<b>\$ 956,521</b>	<b>\$ 53,943</b>	<b>\$ 295,500</b>	<b>\$ 167,396</b>
Less: Expenses Included with Revenues on the Statement of Activities	-	-	-	96,429	-
<b>Total Expenses Included in the Expense Section of the Statement of Activities</b>	<b>257,926</b>	<b>956,521</b>	<b>53,943</b>	<b>199,071</b>	<b>167,396</b>
					<b>\$ 1,634,857</b>

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 313,777	\$ 56,030
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	87,522	94,665
Bad Debt	3,431	3,500
Donated Stock	-	-
Realized and Unrealized (Gains) Losses on Investment Securities, Net	(7,552)	(2,009)
Realized and Unrealized (Gains) Losses on Beneficial Interest in Assets Held by Community Foundation	(32,933)	2,533
Changes in:		
Grants Receivable	22,846	74,740
Pledges Receivable	37,094	1,450
Accounts Receivable	(33,452)	14,041
Prepaid Expenses	(588)	11,190
Auction Inventory	(407)	-
Accounts Payable and Accrued Liabilities	126,015	12,975
Deferred Revenue	-	(1,950)
Net Cash Provided by Operating Activities	515,753	267,165
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(68,222)	-
Purchase of Investment Securities	(23,263)	(19,827)
Reinvestment of Investment Income, Net of Fees	(19,109)	17,989
Net Cash Used by Investing Activities	(110,594)	(1,838)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Liabilities	(8,514)	(8,060)
Issuance of Paycheck Protection Program Payable	-	180,900
Net Cash Provided (Used) by Financing Activities	(8,514)	172,840
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	396,645	438,167
Cash and Cash Equivalents - Beginning of Year	640,073	201,906
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,036,718	\$ 640,073
<b>NONCASH FINANCING AND INVESTING ACTIVITIES</b>		
Property and Equipment Acquired through Capital Lease	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid during the Year for Interest	\$ 1,638	\$ 2,092

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**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.

**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.

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, 2021 and 2020 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.

**SUNFLOWER HOUSE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets**

The Organization capitalizes assets costing greater than \$5,000 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, 2021 and 2020 is \$87,522 and \$94,665, 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, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Donated Supplies and Wish List Items (Used for Child Assessment)	\$ -	\$ 32,599
Auction Items for Valentine Gala	19,462	4,385
Legal Services	1,260	3,900
Total	<u>\$ 20,722</u>	<u>\$ 40,884</u>

**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.

**SUNFLOWER HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pledges Receivable (Continued)**

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 \$-0- and \$2,500 for each of the years ended June 30, 2021 and 2020, respectively. 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, 2021 and 2020, 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, 2021 and 2020, the Organization determined that no allowance for doubtful accounts was necessary for grants receivable.

**Revenue Recognition**

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advance in the statement of financial position. The Organization received cost-reimbursable grants of \$193,260 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

**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, 2021 AND 2020**

**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. Contributions whose restrictions are met in the same period may be shown as contributions without donor 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, 2023. Management will be evaluating the effects of this new standard.

**Change in Accounting Principle**

In 2021, the Organization adopted Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU removes and modified disclosure requirements retrospectively for nonpublic entities.

**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, 2021 and 2020 was approximately \$8,800 for both years.

At June 30, 2021 and 2020 the Organization's accumulated depreciation on the capital lease totaled \$22,734 and \$13,934, respectively.

**SUNFLOWER HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 CAPITAL LEASE OBLIGATION (CONTINUED)**

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 10,152
2023	10,152
2024	6,768
Total Minimum Lease Payments	<u>27,072</u>
Less: Amount Representing Interest	(1,945)
Total	<u><u>\$ 25,127</u></u>

**NOTE 3 PLEDGES RECEIVABLE**

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

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
Receivable in Less Than One Year, Net of Allowance	\$ 11,600	\$ 43,525
Receivable in One to Five years	-	8,600
Total Unconditional Promises to Give	<u><u>\$ 11,600</u></u>	<u><u>\$ 52,125</u></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>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Capital Campaign for Repairs and Maintenance	\$ 76,839	\$ 85,411
Child Assessment	45,512	82,586
Education Programming	20,075	101,989
Subject to Time Restrictions	-	8,600
Subject to Endowment Restriction	113,381	113,381
Total Net Assets with Donor Restrictions	<u><u>\$ 255,807</u></u>	<u><u>\$ 391,967</u></u>

Net assets released during the year ended June 30 include:

**SUNFLOWER HOUSE, INC.**  
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**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

	2021	2020
Capital Campaign for Repairs and Maintenance	\$ 9,172	\$ 14,129
Child Assessment	149,912	99,268
Education Programming	151,413	75,752
Admin & Development	35,762	-
Staff Development	-	10,322
Time Restrictions	8,600	-
Total	\$ 354,859	\$ 199,471

**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 without donor restrictions 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, 2021 and 2020 the Organization's beneficial interest in net assets held by the Foundation totaled \$182,338 and \$148,008, 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 \$16,882 worth of contributions in 2021 and \$19,177 for 2020.

**NOTE 7 CONCENTRATIONS**

Approximately 56% and 30% of the Organization's support was derived from the Victims of Crime Act government grant during the years ended June 30, 2021 and 2020, respectively. Additionally, at June 30, 2021, approximately 11% of the Organizations support was derived from the Children's Advocacy Center's Grant Program.

**SUNFLOWER HOUSE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 CONCENTRATIONS (CONTINUED)**

At June 30, 2021, approximately 63% of the Organization's grant receivables are due from three grants and approximately 16% of the organization's accounts receivables are due to receivables from an insurance company. Approximately 77% of the Organization's receivables at June 30, 2020, were due from three grants.

**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, 2022. 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 quarterly financial statements while there is an outstanding borrowings under this line. The annual audit is due to the bank within 30 days of receipt and approval of the Board of Directors. At June 30, 2021 and 2020, the Organization has no balance outstanding on this line of credit.

**NOTE 9 NOTE PAYABLE**

During the year ended June 30, 2020 the Organization received a loan in the amount of \$180,900 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022. On July 14, 2021, the organization received full forgiveness of the balance of this loan.

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**NOTE 10 INVESTMENTS**

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements 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, 2021 and 2020 are comprised of the following at fair value:

	<u>2021</u>	<u>2020</u>
Mutual Funds	\$ 312,253	\$ 264,687
Preferred Stocks	186,623	185,662
Total	<u>\$ 498,876</u>	<u>\$ 450,349</u>

Investment returns consist of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and Dividends	\$ 15,058	\$ 17,373
Realized Gains (Losses), Net	17,507	(2,461)
Unrealized Gains (Losses), Net	94,141	452
Total Investment Returns	<u>\$ 126,706</u>	<u>\$ 15,364</u>

**NOTE 11 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.

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**NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)**

*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, 2021 and 2020.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021 and 2020:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets				
Held by Community Foundation	\$ -	\$ -	\$ 182,338	\$ 182,338
Mutual Funds	312,253	-	-	312,253
Preferred Stocks	186,623	-	-	186,623
Total	<u>\$ 498,876</u>	<u>\$ -</u>	<u>\$ 182,338</u>	<u>\$ 681,214</u>
	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets				
Held by Community Foundation	\$ -	\$ -	\$ 148,008	\$ 148,008
Mutual Funds	264,687	-	-	264,687
Preferred Stocks	185,662	-	-	185,662
Total	<u>\$ 450,349</u>	<u>\$ -</u>	<u>\$ 148,008</u>	<u>\$ 598,357</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, 2021 and 2020:

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**NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)**

	<u>Beneficial Interest in Assets Held by Community Foundation</u>
Balance - July 1, 2020	\$ 148,008
Interest and Dividends	3,060
Net Gains (Losses)	32,933
Administrative Fees	(1,663)
Approved Grants	-
Balance - June 30, 2021	<u>\$ 182,338</u>
Balance - July 1, 2019	\$ 142,144
Interest and Dividends	3,330
Net Gains (Losses)	3,972
Administrative Fees	(1,438)
Approved Grants	-
Balance - June 30, 2020	<u>\$ 148,008</u>

The following is a summary of market value technique for ending balances of assets and liabilities, measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30:

	Fair Value			
Instrument	2021	2020	Principal Valuation Technique	Unobservabl e Inputs Value of Underlying Asset
Beneficial Interest In Community Foundations	\$ 182,338	\$ 148,008	Net asset Valuation	

**NOTE 12 ENDOWMENT**

**Endowment Overview**

The Sunflower House, Inc.'s board of directors (the 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.

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**NOTE 12 ENDOWMENT (CONTINUED)**

**Endowment Overview (Continued)**

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.

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.

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**NOTE 12 ENDOWMENT (CONTINUED)**

**Policies for Appropriation of Endowment Assets (Continued)**

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.

The endowment consists of \$113,381 of donor restricted funds held perpetually. The total balance of the endowment is \$182,338 and \$148,008 for the years ended June 30, 2021 and 2020.

**NOTE 13 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, 2021 and 2020.

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:

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**NOTE 13 LIQUIDITY AND AVAILABILITY (CONTINUED)**

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,036,718	\$ 640,073
Accounts, Grants, and Pledges Receivable	177,486	207,405
Beneficial Interest in Assets Held by Community Foundation	182,338	148,008
Investment Securities	<u>498,876</u>	<u>450,349</u>
	1,895,418	1,445,835
Contractual or Donor Imposed Restrictions:		
Cash Restricted to Specific Uses	(74,795)	(173,667)
Grants Receivable Restricted to Specific Uses	(67,631)	(83,119)
Pledges Receivable Restricted to Specific Uses	-	(13,200)
Pledges Not Receivable Within One Year	-	(8,600)
Endowment	<u>(113,381)</u>	<u>(113,381)</u>
Total Contractual or Donor Imposed Restrictions	<u>(255,807)</u>	<u>(391,967)</u>
Financial Assets to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,639,611</u>	<u>\$ 1,053,868</u>

**NOTE 14 RISKS AND UNCERTAINTIES**

The Organization maintains all its depository cash in commercial banks. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits held by these banks totaled \$728,896 at June 30, 2021.

During the fiscal year-end 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its 2022 operations and financial results. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to occur subsequent to year-end and are still developing.

**NOTE 15 RECLASSIFICATION**

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

**NOTE 16 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through Report Date, the date which the financial statements were available for issue.