

SUNFLOWER HOUSE, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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**SUNFLOWER HOUSE, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sunflower House, Inc.
Shawnee, Kansas

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sunflower House, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sunflower House, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sunflower House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sunflower House, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Kansas City, Missouri
April 29, 2024

SUNFLOWER HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 574,941	\$ 148,549	\$ 723,490	\$ 1,037,575	\$ 72,427	\$ 1,110,002
Beneficial Interest in Assets Held by Community Foundation	60,562	33,381	93,943	45,800	113,381	159,181
Investment Securities	976,648	-	976,648	312,011	-	312,011
Accounts Receivable	13	-	13	40	-	40
Grants Receivable	92,269	21,517	113,786	55,870	84,194	140,064
Auction Inventory	2,235	-	2,235	-	-	-
Prepaid Expenses	22,932	-	22,932	21,810	-	21,810
Pledges Receivable, Net of an Allowance for Doubtful Accounts at June 30, 2023 and 2022 of \$0-	28,800	-	28,800	14,865	-	14,865
Total Current Assets	<u>1,758,400</u>	<u>203,447</u>	<u>1,961,847</u>	<u>1,487,971</u>	<u>270,002</u>	<u>1,757,973</u>
FIXED ASSETS						
Land and Improvements	376,634	-	376,634	402,936	-	402,936
Building	2,577,700	-	2,577,700	2,459,355	-	2,459,355
Website Development	36,375	-	36,375	36,375	-	36,375
Office Equipment	398,011	-	398,011	460,430	-	460,430
Right-of-Use Assets - Operating	49,447	-	49,447	-	-	-
Total Fixed Assets	<u>3,438,167</u>	<u>-</u>	<u>3,438,167</u>	<u>3,359,096</u>	<u>-</u>	<u>3,359,096</u>
Less: Accumulated Depreciation and Amortization	<u>(1,661,657)</u>	<u>-</u>	<u>(1,661,657)</u>	<u>(1,601,367)</u>	<u>-</u>	<u>(1,601,367)</u>
Net Fixed Assets	<u>1,776,510</u>	<u>-</u>	<u>1,776,510</u>	<u>1,757,729</u>	<u>-</u>	<u>1,757,729</u>
OTHER ASSETS						
Grants Receivable	<u>53,500</u>	<u>15,000</u>	<u>68,500</u>	<u>85,000</u>	<u>15,000</u>	<u>100,000</u>
Total Other Assets	<u>53,500</u>	<u>15,000</u>	<u>68,500</u>	<u>85,000</u>	<u>15,000</u>	<u>100,000</u>
Total Assets	<u>\$ 3,588,410</u>	<u>\$ 218,447</u>	<u>\$ 3,806,857</u>	<u>\$ 3,330,700</u>	<u>\$ 285,002</u>	<u>\$ 3,615,702</u>

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS	2023			2022		
	Without Donor Restrictions	With Donor Restriction	Total	Without Donor Restrictions	With Donor Restriction	Total
CURRENT LIABILITIES						
Accounts Payable	\$ 44,788	\$ -	\$ 44,788	\$ 49,722	\$ -	\$ 49,722
Accrued Payroll Liabilities	55,876	-	55,876	60,874	-	60,874
Lease Liability - Operating	6,695	-	6,695	-	-	-
Current Portion of Capital Lease Obligation	-	-	-	9,502	-	9,502
Total Current Liabilities	107,359	-	107,359	120,098	-	120,098
LONG TERM LIABILITIES						
Capital Lease Obligation, Net of Current Portion	-	-	-	5,383	-	5,383
Total Long Term Liabilities	-	-	-	5,383	-	5,383
Total Liabilities	107,359	-	107,359	125,481	-	125,481
NET ASSETS						
Without Donor Restrictions	3,481,051	-	3,481,051	3,205,219	-	3,205,219
With Donor Restrictions	-	218,447	218,447	-	285,002	285,002
Total Net Assets	3,481,051	218,447	3,699,498	3,205,219	285,002	3,490,221
Total Liabilities and Net Assets	\$ 3,588,410	\$ 218,447	\$ 3,806,857	\$ 3,330,700	\$ 285,002	\$ 3,615,702

See accompanying Notes to Financial Statements.

**SUNFLOWER HOUSE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT						
United Way	\$ 58,099	\$ -	\$ 58,099	\$ 56,983	\$ -	\$ 56,983
Grants	922,353	350,787	1,273,140	949,813	258,806	1,208,619
Special Events, Net of Cost of Goods Sold in Fiscal Year 2023 and 2022 of \$75,105 and \$80,994, Respectively	167,013	-	167,013	113,073	-	113,073
Gift-In-Kind	31,463	-	31,463	19,347	-	19,347
Contributions	272,482	3,750	276,232	376,831	27,000	403,831
Total Support	<u>1,451,410</u>	<u>354,537</u>	<u>1,805,947</u>	<u>1,516,047</u>	<u>285,806</u>	<u>1,801,853</u>
REVENUE						
Realized and Unrealized Gains on Beneficial Interest in Assets Held by Community Foundation, Net	10,796	-	10,796	(24,617)	-	(24,617)
Realized and Unrealized Gain (Loss) on Investment Securities	61,355	-	61,355	(61,158)	-	(61,158)
Realized Loss on Sale of Equipment	(12,839)	-	(12,839)	-	-	-
Interest and Dividend Income	14,121	-	14,121	8,339	-	8,339
Fee and Other Income	27,509	-	27,509	200,111	-	200,111
Total Revenue	<u>100,942</u>	<u>-</u>	<u>100,942</u>	<u>122,675</u>	<u>-</u>	<u>122,675</u>
Net Assets Released from Restriction due to Satisfaction of Purpose	421,092	(421,092)	-	256,611	(256,611)	-
Total Support and Revenue	<u>1,973,444</u>	<u>(66,555)</u>	<u>1,906,889</u>	<u>1,895,333</u>	<u>29,195</u>	<u>1,924,528</u>

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
Program Services:						
Education	\$ 310,614	\$ -	\$ 310,614	\$ 245,989	\$ -	\$ 245,989
Child Assessment	1,025,489	-	1,025,489	988,670	-	988,670
Supporting Services:						
Community Relations	22,991	-	22,991	48,739	-	48,739
Fundraising	224,888	-	224,888	192,928	-	192,928
Management/Administrative	113,630	-	113,630	148,237	-	148,237
Total Expenses	<u>1,697,612</u>	<u>-</u>	<u>1,697,612</u>	<u>1,624,563</u>	<u>-</u>	<u>1,624,563</u>
CHANGE IN NET ASSETS	275,832	(66,555)	209,277	270,770	29,195	299,965
Net Assets - Beginning	<u>3,205,219</u>	<u>285,002</u>	<u>3,490,221</u>	<u>2,934,449</u>	<u>255,807</u>	<u>3,190,256</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,481,051</u></u>	<u><u>\$ 218,447</u></u>	<u><u>\$ 3,699,498</u></u>	<u><u>\$ 3,205,219</u></u>	<u><u>\$ 285,002</u></u>	<u><u>\$ 3,490,221</u></u>

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services		Supporting Services			Total
	Education	Child Assessment	Community Relations	Fundraising	Management / Administrative	
Special Events	\$ -	\$ -	\$ -	\$ 75,105	\$ -	\$ 75,105
Dues and Subscriptions	2,015	5,540	181	1,265	532	9,533
Data Processing	5,964	16,393	536	3,743	1,574	28,210
Employee Benefits	18,758	42,059	1,375	9,605	4,039	75,836
Insurance	8,614	33,182	1,085	7,578	3,187	53,646
Maintenance	10,341	29,470	-	4,653	7,238	51,702
Mileage and Travel	2,466	6,778	222	1,548	651	11,665
Miscellaneous	269	1,099	-	9,222	7,152	17,742
Supplies	16,808	46,203	1,511	10,551	4,437	79,510
Payroll Taxes	13,141	36,124	1,181	8,249	3,469	62,164
Personnel	186,553	512,800	16,767	117,103	49,241	882,464
Postage/Shipping	372	1,022	33	234	98	1,759
Printing	1,115	3,066	100	700	295	5,276
Professional Services	7,160	177,305	-	12,109	6,857	203,431
Property Tax	230	657	-	104	161	1,152
Public Relations	629	708	-	21,936	67	23,340
Staff Development	4,503	18,411	-	646	2,104	25,664
Telephone	1,443	4,114	-	650	1,010	7,217
Utilities	6,728	19,176	-	3,028	4,710	33,642
Volunteer Recognition	846	6,802	-	1,767	946	10,361
Depreciation	22,659	64,580	-	10,197	15,862	113,298
Total Expenses by Function	310,614	1,025,489	22,991	299,993	113,630	1,772,717
Less: Expenses Included with Revenues on the Statement of Activities	-	-	-	75,105	-	75,105
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 310,614	\$ 1,025,489	\$ 22,991	\$ 224,888	\$ 113,630	\$ 1,697,612

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services		Supporting Services			Total
	Education	Child Assessment	Community Relations	Fundraising	Management / Administrative	
Special Events	\$ -	\$ -	\$ -	\$ 80,994	\$ -	\$ 80,994
Dues and Subscriptions	1,003	3,160	248	784	571	5,766
Data Processing	2,084	6,563	515	1,629	1,186	11,977
Employee Benefits	15,800	40,048	3,142	9,939	7,235	76,164
Insurance	6,337	29,672	2,328	7,364	5,361	51,062
Interest Expense	462	1,259	-	210	168	2,099
Maintenance	10,593	30,189	-	4,767	7,415	52,964
Mileage and Travel	1,372	4,320	339	1,072	781	7,884
Miscellaneous	301	994	-	8,336	2,523	12,154
Supplies	8,015	25,243	1,981	6,265	4,560	46,064
Payroll Taxes	10,498	33,062	2,594	8,205	5,973	60,332
Personnel	150,125	472,807	37,100	117,339	85,416	862,787
Postage/Shipping	595	1,873	147	465	338	3,418
Printing	1,395	4,393	345	1,090	794	8,017
Professional Services	7,240	242,274	-	4,676	5,823	260,013
Property Tax	230	657	-	125	161	1,173
Public Relations	1,212	1,492	-	6,400	240	9,344
Staff Development	1,419	8,886	-	254	185	10,744
Telephone	1,401	3,992	-	630	980	7,003
Utilities	5,325	15,176	-	2,396	3,728	26,625
Volunteer Recognition	1,472	8,149	-	2,383	1,423	13,427
Depreciation and Amortization	19,110	54,461	-	8,599	13,376	95,546
Total Expenses by Function	245,989	988,670	48,739	273,922	148,237	1,705,557
Less: Expenses Included with Revenues on the Statement of Activities	-	-	-	80,994	-	80,994
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 245,989	\$ 988,670	\$ 48,739	\$ 192,928	\$ 148,237	\$ 1,624,563

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 209,277	\$ 299,965
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	113,298	95,546
Bad Debt	4,915	-
Forgiveness of PPP Loan	-	(180,900)
Realized and Unrealized (Gains) Losses on Investment Securities, Net	(61,355)	61,158
Realized and Unrealized (Gains) Losses on Beneficial Interest in Assets Held by Community Foundation	(12,645)	24,617
Realized Loss on Sale of Equipment	12,839	-
Changes in:		
Grants Receivable	57,778	(109,288)
Pledges Receivable	(18,850)	(3,265)
Accounts Receivable	27	35,070
Prepaid Expenses	(1,122)	(11,598)
Auction Inventory	(2,235)	407
Accounts Payable and Accrued Liabilities	(9,932)	(108,420)
Net Cash Provided by Operating Activities	<u>291,995</u>	<u>103,292</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(144,918)	(144,013)
Purchase of Investment Securities	(904,257)	(139,067)
Reinvestment of Investment Income, Net of Fees	(12,896)	(11,594)
Proceeds from Sale of Investment Securities	<u>391,754</u>	<u>274,908</u>
Net Cash Used by Investing Activities	<u>(670,317)</u>	<u>(19,766)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Lease Liabilities	<u>(8,190)</u>	<u>(10,242)</u>
Net Cash Used by Financing Activities	<u>(8,190)</u>	<u>(10,242)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(386,512)	73,284
Cash and Cash Equivalents - Beginning of Year	<u>1,110,002</u>	<u>1,036,718</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 723,490</u>	<u>\$ 1,110,002</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid during the Year for Interest	<u>\$ -</u>	<u>\$ 2,098</u>

See accompanying Notes to Financial Statements.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 and 2022 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, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022 is \$113,298 and \$95,546, 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. The Organization receives items to be sold at its annual auction. Contributed auction items are valued at the gross selling price received. The Organization receives contributed legal services that are reported using current rates for similar legal services.

Contributed products and services recognized as revenue during the years ended June 30, 2023 and 2022 were:

	2023	2022
Auction Items for Valentine Gala	\$ 30,023	\$ 16,302
Legal Services	1,440	3,045
Total	<u>\$ 31,463</u>	<u>\$ 19,347</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, 2023 AND 2022

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- for each of the years ended June 30, 2023 and 2022. 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, 2023 and 2022, 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, 2023 and 2022, 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 \$-0- and \$572,688 that have not been recognized at June 30, 2023 and 2022, respectively, 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, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use assets – operating and lease liability – operating, and finance leases are included in right-of-use assets – financing and lease liability – financing in the statements of financial position.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term or computing the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and nonlease component as a single lease component.

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.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's right-of-use assets.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 of \$15,696, which represents the present value of the remaining financing lease payments of \$16,502, discounted using the Organization's incremental borrowing rate of 2.84%, and a right-of-use asset of \$49,447.

NOTE 2 LEASES

The Organization entered into an operating lease for office equipment during the year ended June 30, 2019 valued at approximately \$46,000. The lease expires in 2024. The following table provides quantitative information concerning the Organization's lease.

	Beginning Balance	Additions	Deletions	Ending Balance
Office Equipment	\$ -	\$ 49,447	\$ -	\$ 49,447
Total Right-of-Use Assets	-	49,447	-	49,447
Less: Accumulated Amortization	-	42,026	-	42,026
Net Right-of-Use Assets	<u>\$ -</u>	<u>\$ 7,421</u>	<u>\$ -</u>	<u>\$ 7,421</u>

Lease liabilities consist of the following as of June 30, 2023:

Beginning Balance	\$ -
Additions to Lease Liability	15,696
Deductions from Lease Liability	(9,001)
Ending Balance	<u>\$ 6,695</u>

The lease liability has a weighted-average remaining lease term of 0.6 years with a weighted-average discount rate of 2.84%.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	
2024	\$ 6,766

Depreciation expense for the year ended June 30, 2022 was approximately \$8,800. Future lease payments under the capital lease agreement for office equipment as of June 30, 2022 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 9,502
2024	5,383
Total Minimum Lease Payments	<u>\$ 14,885</u>

NOTE 3 PLEDGES RECEIVABLE

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

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
Receivable in Less Than One Year, Net of Allowance	<u>\$ 28,800</u>	<u>\$ 14,865</u>
Total Unconditional Promises to Give	<u>\$ 28,800</u>	<u>\$ 14,865</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>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Capital Campaign for Repairs and Maintenance	\$ 15,725	\$ 17,246
Child Assessment	82,106	49,539
Education Programming	26,076	49,954
Subject to Time Restrictions	15,000	30,000
Capital Revitalization	79,540	138,263
Total Net Assets with Donor Restrictions	<u>\$ 218,447</u>	<u>\$ 285,002</u>

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released during the year ended June 30 include:

	2023	2022
Capital Campaign for Repairs and Maintenance	\$ 2,121	\$ 60,194
Child Assessment	69,723	124,041
Education Programming	106,775	67,008
Administration and Development	-	5,368
Time Restrictions	15,000	-
Capital Revitalization	227,473	-
Total	\$ 421,092	\$ 256,611

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.

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, 2023 and 2022 the Organization's beneficial interest in net assets held by the Foundation totaled \$93,943 and \$159,181, 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 \$16,353 worth of contributions in 2023 and \$17,725 for 2022.

NOTE 7 CONCENTRATIONS

Approximately 64% and 48% of the Organization's support was derived from three and one granting agencies during the years ended June 30, 2023 and 2022, respectively.

At June 30, 2023, approximately 68% of the Organization's grant receivables are due from three grants. Approximately 83% of the Organization's receivables at June 30, 2022 were due from four grants.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2024. 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 borrowing 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, 2023 and 2022, 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 (SBA). 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 and is recognized as revenue in the Fee and Other Income line on the Statement of Activities in 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 and 2022 are comprised of the following at fair value:

	2023	2022
Mutual Funds	\$ 582,123	\$ 269,468
Preferred Stocks	-	42,543
Fixed Income	394,525	-
Total	\$ 976,648	\$ 312,011

Investment returns consist of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and Dividends	\$ 14,121	\$ 8,339
Realized Gains (Losses), Net	-	21,246
Unrealized Gains (Losses), Net	72,151	(107,022)
Total Investment Returns	\$ 86,272	\$ (77,437)

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).

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2023 and 2022.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 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, 2023 and 2022:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets				
Held by Community Foundation	\$ -	\$ -	\$ 93,943	\$ 93,943
Mutual Funds	582,123	-	-	582,123
Fixed Income		394,525	-	394,525
Total	<u>\$ 582,123</u>	<u>\$ 394,525</u>	<u>\$ 93,943</u>	<u>\$ 1,070,591</u>
	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Beneficial Interest in Assets				
Held by Community Foundation	\$ -	\$ -	\$ 159,181	\$ 159,181
Mutual Funds	269,468	-	-	269,468
Preferred Stocks	42,543	-	-	42,543
Total	<u>\$ 312,011</u>	<u>\$ -</u>	<u>\$ 159,181</u>	<u>\$ 471,192</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, 2023 and 2022:

	Beneficial Interest in Assets Held by Community Foundation
Balance - July 1, 2022	\$ 159,181
Interest and Dividends	3,722
Net Gains (Losses)	12,645
Administrative Fees	(1,605)
Approved Grants	(80,000)
Balance - June 30, 2023	<u>\$ 93,943</u>
Balance - July 1, 2021	\$ 182,338
Interest and Dividends	3,256
Net Gains (Losses)	(24,618)
Administrative Fees	(1,795)
Balance - June 30, 2022	<u>\$ 159,181</u>

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 FAIR VALUE MEASUREMENTS (CONTINUED)

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:

<u>Instrument</u>	<u>Fair Value</u>		<u>Principal Valuation Technique</u>	<u>Unobservable Inputs Value of Underlying Asset</u>
	<u>2023</u>	<u>2022</u>		
Beneficial Interest In Community Foundations	\$ 93,943	\$ 159,181	Net asset Valuation	

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, 2023 and 2022.

SUNFLOWER HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 LIQUIDITY AND AVAILABILITY (CONTINUED)

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:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 723,490	\$ 1,110,002
Accounts, Grants, and Pledges Receivable	211,099	254,969
Beneficial Interest in Assets Held by Community Foundation	93,943	159,181
Investment Securities	<u>976,648</u>	<u>312,011</u>
	2,005,180	1,836,163
Contractual or Donor Imposed Restrictions:		
Cash Restricted to Specific Uses	(148,549)	(72,427)
Beneficial Interest Restricted to Specific Uses	(33,381)	(113,381)
Grants Receivable Restricted to Specific Uses	(21,517)	(84,194)
Grants Not Receivable Within One Year	<u>(68,500)</u>	<u>(100,000)</u>
Total Contractual or Donor Imposed Restrictions	<u>(271,947)</u>	<u>(370,002)</u>
Financial Assets to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,733,233</u>	<u>\$ 1,466,161</u>

NOTE 13 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 \$387,313 at June 30, 2023.

NOTE 14 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 29, 2024, the date which the financial statements were available for issue.



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