SUNFLOWER HOUSE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2008

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Gottlieb, Flekier & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

Independent Auditors' Report 1

Statement of Financial Position 2-3

Statement of Activities 4

Statement of Cash Flows 5

Statement of Functional Expenses 6

Notes to Financial Statements 7-11

Gottlieb, Flekier & Co., P.A.
CERTIFIED PUBLIC ACCOUNTANTS
Jerrold L. Gottlieb • Steven M. Flekier • Danielle L. Bordman

Independent Auditors' Report

To the Board of Directors
Sunflower House, Inc.

We have audited the accompanying statement of financial position of Sunflower House, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gottlieb Flekier & Co., P.A.

GOTTLIEB, FLEKIER & CO., P.A.
June 24, 2009

12721 METCALF AVE., SUITE 201 • OVERLAND PARK, KS 66213-2619
TEL 913-491-6655 • FAX 913-491-0429

Sunflower House, Inc.
Statement of Financial Position
December 31, 2008

Assets

Current Assets:		
Cash and cash equivalents	$	159,101
Beneficial interest in assets held by Community Foundation		11,519
Investments		34,501
Grants receivable		288,927
Auction inventory		10,782
Prepaid expenses		2,800
Pledges receivable, net of an allowance for doubtful accounts of $25,000		117,889
Total Current Assets		625,519
Fixed Assets:		
Land		345,520
Building		2,068,756
Office equipment		555,696
Total Fixed Assets		2,969,972
Less accumulated depreciation		(843,640)
Net Fixed Assets		2,126,332
Other Assets:		
Investments - permanently restricted		193,547
Pledges receivable		128,760
Total Other Assets		322,307
Total Assets	$	3,074,158

Sunflower House, Inc.
Statement of Financial Position
December 31, 2008

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	$ 22,065
Accrued payroll liabilities	51,729
Deferred revenue	4,000
Total Current Liabilities	77,794
Total Liabilities	77,794
Net Assets:	
Unrestricted:	
Undesignated	1,757,674
Designated by the Board of endowment purposes	107,271
Total Unrestricted	1,864,945
Restricted:	
Temporarily restricted	937,872
Permanently restricted	193,547
Total Restricted	1,131,419
Total Net Assets	2,996,364
Total Liabilities and Net Assets	$ 3,074,158

Sunflower House, Inc.
Statement of Activities
For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
United Way	$ 164,117	$ -	$ -	$ 164,117
Grants	215,422	555,370	-	770,792
Valentine Gala	146,513	47,500	-	194,013
Contributions	418,915	185,915	-	604,830
Total Support	944,967	788,785	-	1,733,752
Revenue:				
Net losses on investments and beneficial interest in assets held by Community Foundation	(166,573)	-	-	(166,573)
Interest income	12,696	-	-	12,696
Fee and other income	22,645	-	-	22,645
Total Revenue	(131,232)	-	-	(131,232)
Net Assets Released From Restriction	803,017	(493,434)	(309,583)	-
Total Support and Revenue	1,616,752	295,351	(309,583)	1,602,520
Expenses:				
Program Services:				
Education	523,868	-	-	523,868
Child Assessment	906,852	-	-	906,852
Supporting Services:				
Fundraising	233,976	-	-	233,976
Cost of goods sold	99,082	-	-	99,082
Management/administrative	103,203	-	-	103,203
Total Expenses	1,866,981	-	-	1,866,981
Change in net assets	(250,229)	295,351	(309,583)	(264,461)
Net assets, beginning of year	2,115,174	642,521	503,130	3,260,825
Net assets, end of year	$ 1,864,945	$ 937,872	$ 193,547	$ 2,996,364

Sunflower House, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2008

Cash Flows from Operating Activities:		
Changes in net assets	$	(264,461)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities:		
Depreciation		109,180
Provision for doubtful pledges		25,000
Net depreciation in investment securities		166,561
Realized loss on sale of equity securities		12
Changes in:		
Grants receivable		8,018
Pledges receivable		(112,482)
Prepaid expenses		4,166
Auction inventory		(8,262)
Accounts payable and accrued liabilities		9,319
Deferred revenue		400
Net Cash Used in Operating Activities		(62,549)
Cash Flows from Investing Activities:		
Purchase of fixed assets		(5,463)
Withdrawal of beneficial interest in assets held by Community Foundation		61,226
Purchase of equity securities		(39,000)
Proceeds from sale of investment securities		140,784
Reinvestment of investment income		(6,873)
Net Cash Provided by Investing Activities		150,674
Net increase in cash and cash equivalents		88,125
Cash and cash equivalents, beginning of year		70,976
Cash and cash equivalents, end of year	$	159,101

The accompanying notes are an integral part of these financial statements.

Sunflower House, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2008

	Program Services		Supporting Services			
	Education	Child Assessment	Fundraising	Cost of Goods Sold	Management Administrative	Total
Affiliation payments	$ 366	$ 4,191	$ 358		$ 298	$ 5,213
Bad debt expense	-	-	25,000		-	25,000
Conferences/training	269	2,543	-		-	2,812
Data processing	11,208	17,599	3,213		1,607	33,627
Employee benefits	29,321	46,130	8,908		6,580	90,939
Special events	-	-	-	99,082	-	99,082
Insurance	7,708	12,378	3,569		4,176	27,831
Maintenance	20,743	33,424	5,624		3,474	63,265
Media purchases	670	1,681	352		273	2,976
Mileage expense	6,779	3,512	567		759	11,617
Miscellaneous	971	1,120	687		2,864	5,642
Office supplies	13,712	30,014	18,118		1,024	62,868
Payroll taxes	17,464	30,348	6,222		4,596	58,630
Personnel	249,804	428,499	85,990		63,445	827,738
Postage/shipping	1,098	1,379	1,420		147	4,044
Printing	6,243	4,686	11,611		281	22,821
Professional services	26,632	167,086	7,934		1,691	203,343
Public relations	65,936	2,273	32,466		117	100,792
Staff development	6,129	16,075	2,678		3,393	28,275
Telephone	4,865	11,939	1,256		873	18,933
Travel expense	4,998	15,470	869		342	21,679
Utilities	10,190	14,703	3,066		1,804	29,763
Recognition expense	1,039	6,723	3,149		-	10,911
Depreciation	37,723	55,079	10,919		5,459	109,180
Total	$ 523,868	$ 906,852	$ 233,976	$ 99,082	$ 103,203	$ 1,866,981

The accompanying notes are an integral part of these financial statements.

Note A – Summary of Significant Accounting Policies

Organization
Sunflower House, Inc. 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, child-friendly medical exams, family advocacy and support, and information and referral.

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

Contributions
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions whose restrictions are met in the same reporting period may be shown as unrestricted contributions.

Cash Equivalents
Cash equivalents for purposes of the statement of cash flows consists of unrestricted cash on hand, cash in operating bank accounts and money market accounts.

Investments
The Company's investments in marketable securities are carried in the financial statements at fair market value. Realized and unrealized gains and losses are included in revenue. The average cost method is used to determine the cost of securities.

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.

Note A – Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)
In June 2006, the FASB issued Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109. This interpretation classifies the accounting and financial statement reporting for uncertainty in income taxes recognized by prescribing a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. FIN 48 was originally effective for fiscal years beginning after December 15, 2006. FASB Staff Position No.'s FIN 48-2 issued February 1, 2008 and FIN 48-3 issued on December 30, 2008 have deferred the effective date to annual financial statements with fiscal years beginning after December 15, 2008 for nonpublic companies. The Organization has elected to defer the adoption of FIN 48 pursuant to these deferral provisions.

The Organization is not at the present time under examination by any taxing authority. Effectively, all years for federal and state income examination are closed for any year ended prior to December 31, 2005. The Organization does not believe that there is any tax planning strategies nor positions presently being taken that would affect the financial statements had FIN 48 been applied.

Fixed Assets
Fixed assets are carried at cost if purchased, and fair value as of contribution date if contributed. Depreciation is provided using straight-line methods for building and land improvements and accelerated methods for office equipment over the estimated useful lives of the respective assets, which is generally five to seven years for office equipment and thirty-nine years for building and land improvements. 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 year ended December 31, 2008 is $109,180.

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 non-financial 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 year ended December 31, 2008 were approximately $25,000 of donated laboratory services (used for child assessment), $85,000 of donated cable air time (used for education), $21,000 of donated office supplies and wish list items (used for child assessment). Additionally, approximately $63,000 of auction items were donated for the valentine gala fundraiser, and approximately $7,600 of items were donated for the rummage sale during 2008.

Note A – 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. General 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

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. Pledges are written off as uncollectible at the time management determines that collection is unlikely. At, December 31, 2008, the Organization had an allowance for doubtful accounts of $25,000, which is net against pledges receivable on the Statement of Financial Position.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note B – Lease Commitments

The Organization leases copiers and postage machines under operating leases, with various expiration dates through 2011. Rent expense for this equipment for the year ended December 31, 2008, is approximately $8,600.

Future minimum lease payments required under the operating leases are as follows:

Year Ended December 31,		
2009	$	7,572
2010		6,276
2011		2,547
	$	16,395

Note C – Concentration of Credit Risk

Sunflower House, Inc. maintains cash balances at four institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2008, the Organization had no cash and deposits exceeding the insured limit.

Note D – Permanently Restricted Net Assets

Permanently restricted net assets consist of contributions for general endowment funds that are required by the donor to be invested into perpetuity. The income from such investments is unrestricted. During 2008, three capital campaign donors released a total of $309,583 of permanently restricted contributions. At December 31, 2008, net assets permanently restricted for the endowment are $193,547.

Note E – Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2008:

Restricted as to use:		
Capital Campaign	$	279,211
Life coaching and best year yet initiatives		6,167
Child assessment program salaries and direct expenses		275,197
Programming expenses		11,340
Restricted as to time		365,957
	$	937,872

Note F – Pledges Receivable

As of December 31, 2008, contributors to the Organization have unconditionally promised to give as follows:

Receivable in less than one year	$	117,889
Receivable one to five years		128,760
Total Unconditional Promises to Give at December 31, 2008	$	246,649

Note G– Investments

Investments held by Sunflower House, Inc. at December 31, 2008:

Equity securities	$	228,048

Note H – 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 Community Foundation reserves the right to make the final decisions regarding distributions from the Fund.

Withdrawals of $61,226 in principal and reinvested interest were withdrawn by the Organization during 2008.

Note I – 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 twenty-one. Sponsor matching contributions to the plan are equal to 50% up to 6% of an employee's salary deferrals. Total sponsor contributions to the Plan were $18,224 for 2008.

Note J - Concentrations

In 2008, approximately 11% and 9% of the Organization's support was derived from the State of Kansas Children's Advocacy Centers government grant and Victims of Crime Act government grant, respectively. Additionally, approximately 11% of the Organization's support was derived from a single foundation in 2008.

Note K – 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 December 28, 2009. Under the agreement, interest accrues on the unpaid balance of the note at the prime rate (3.25% at December 31, 2008). The line of credit is secured by all property of Sunflower House. 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 December 31, 2008, the Organization has no balance outstanding on its Line of Credit.