SUNFLOWER HOUSE, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2011 AND 2010

CONTENTS

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 statements of financial position of Sunflower House, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years 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 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 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 audits provide 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years 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.
August 5, 2012

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Sunflower House, Inc.
Statements of Financial Position
December 31, 2011 and 2010

Assets

	2011	2010
Current Assets:		
Cash and cash equivalents, less permanently restricted	$ 239,221	$ 75,307
Beneficial interest in assets held by Community Foundation	15,186	15,591
Investments, less permanently restricted	-	58,297
Accounts receivable	6,683	2,375
Grants receivable	216,520	192,423
Auction inventory	9,117	4,870
Prepaid expenses	3,800	4,481
Pledges receivable, net of an allowance for doubtful accounts of $2,300 and $7,125 at December 31, 2011 and 2010, respectively	79,219	90,905
Total Current Assets	569,746	444,249
Fixed Assets:		
Land	345,520	345,520
Building	2,068,756	2,068,756
Office equipment	543,656	534,258
Total Fixed Assets	2,957,932	2,948,534
Less accumulated depreciation	(1,003,075)	(936,710)
Net Fixed Assets	1,954,857	2,011,824
Other Assets:		
Permanently restricted cash and investments	113,381	123,547
Pledges receivable	66,897	53,368
Total Other Assets	180,278	176,915
Total Assets	$ 2,704,881	$ 2,632,988

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

Sunflower House, Inc.
Statements of Financial Position
December 31, 2011 and 2010

Liabilities and Net Assets

	2011	2010
Current Liabilities:		
Accounts payable	$ 35,008	$ 13,973
Accrued payroll liabilities	41,807	36,636
Deferred revenue	7,039	15,321
Total Current Liabilities	83,854	65,930
Total Liabilities	83,854	65,930
Net Assets:		
Unrestricted:		
Undesignated	1,753,779	1,756,283
Designated by the Board for endowment purposes	107,271	107,271
Total Unrestricted	1,861,050	1,863,554
Restricted:		
Temporarily restricted	646,596	579,957
Permanently restricted	113,381	123,547
Total Restricted	759,977	703,504
Total Net Assets	2,621,027	2,567,058
Total Liabilities and Net Assets	$ 2,704,881	$ 2,632,988

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

Sunflower House, Inc.
Statement of Activities
For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
United Way	$ 133,367	$ -	$ -	$ 133,367
Grants	249,088	540,673	-	789,761
Special events	147,672	12,500	-	160,172
Contributions	191,547	89,900	-	281,447
Total Support	721,674	643,073	-	1,364,747
Revenue:				
Net gains on investments and beneficial interest in assets held by Community Foundation	8,550	-	-	8,550
Interest income	366	-	-	366
Fee and other income	36,711	-	-	36,711
Insurance claim income	1,000	-	-	1,000
Total Revenue	46,627	-	-	46,627
Net Assets Released From Restriction	586,600	(576,434)	(10,166)	-
Total Support and Revenue	1,354,901	66,639	(10,166)	1,411,374
Expenses:				
Program Services:				
Education	298,235	-	-	298,235
Child assessment	683,629	-	-	683,629
Supporting Services:				
Fundraising	196,435	-	-	196,435
Cost of goods sold	88,668	-	-	88,668
Management/administrative	90,438	-	-	90,438
Total Expenses	1,357,405	-	-	1,357,405
Change in net assets	(2,504)	66,639	(10,166)	53,969
Net assets, beginning of year	1,863,554	579,957	123,547	2,567,058
Net assets, end of year	$ 1,861,050	$ 646,596	$ 113,381	$ 2,621,027

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

Sunflower House, Inc.
Statement of Activities
For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
United Way	140,388	$ -	$ -	$ 140,388
Grants	285,162	314,638	-	599,800
Special events	125,878	36,500	-	162,378
Contributions	168,934	117,273	-	286,207
Total Support	720,362	468,411	-	1,188,773
Revenue:				
Net gains on investments and beneficial interest in assets held by Community Foundation	24,567	-	-	24,567
Interest income	2,198	-	-	2,198
Fee and other income	39,029	-	-	39,029
Insurance claim income	31,992	-	-	31,992
Total Revenue	97,786	-	-	97,786
Net Assets Released From Restriction	771,837	(706,837)	(65,000)	-
Total Support and Revenue	1,589,985	(238,426)	(65,000)	1,286,559
Expenses:				
Program Services:				
Education	381,262	-	-	381,262
Child assessment	768,563	-	-	768,563
Supporting Services:				
Fundraising	258,346	-	-	258,346
Cost of goods sold	89,431	-	-	89,431
Management/administrative	88,547	-	-	88,547
Total Expenses	1,586,149	-	-	1,586,149
Change in net assets	3,836	(238,426)	(65,000)	(299,590)
Net assets, beginning of year	1,859,718	818,383	188,547	2,866,648
Net assets, end of year	$ 1,863,554	$ 579,957	$ 123,547	$ 2,567,058

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

Sunflower House, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities:		
Change in net assets	$ 53,969	$ (299,590)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	66,365	66,354
Bad debt	9,510	31,492
Net depreciation of investment securities	390	-
Realized loss on sale of equity securities	127	-
Gain on disposal of fixed assets	-	(2)
Changes in:		
Permanently restricted cash	(113,381)	-
Grants receivable	(24,097)	236,943
Pledges receivable	(11,353)	(4,917)
Accounts receivable	(4,308)	(64)
Prepaid expenses	681	(2,356)
Auction inventory	(4,247)	683
Accounts payable and accrued payroll liabilities	26,206	(46,347)
Deferred revenue	(8,282)	(617)
Net Cash Used In Operating Activities	(8,420)	(18,421)
Cash Flows from Investing Activities:		
Purchase of fixed assets	(9,398)	(5,865)
Withdrawal of investments	190,910	175,000
Reinvestment of investment income	(9,178)	(58,620)
Net Cash Provided by Investing Activities	172,334	110,515
Cash Flows from Financing Activities:		
Net payments on line of credit	-	(100,000)
Net Cash Used in Financing Activities	-	(100,000)
Net increase (decrease) in cash and cash equivalents	163,914	(7,906)
Cash and cash equivalents, beginning of year	75,307	83,213
Cash and cash equivalents, end of year	$ 239,221	$ 75,307
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 819	$ 4,222

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

Sunflower House, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Program Services		Supporting Services			
	Education	Child Assessment	Fundraising	Cost of Goods Sold	Management / Administrative	Total
Dues and subscriptions	$ 41	$ 4,906	$ 906	$ -	$ 586	$ 6,439
Bad debt	-	-	9,510	-	-	9,510
Data processing	2,967	5,530	2,536	-	474	11,507
Employee benefits	21,820	29,719	9,173	-	5,298	66,010
Special events	-	-	-	88,668	-	88,668
Insurance	7,997	11,749	2,499	-	5,379	27,624
Interest expense	-	-	-	-	819	819
Maintenance	18,354	23,014	9,103	-	1,749	52,220
Media purchases	427	19	-	-	-	446
Mileage and travel	4,359	4,002	1,344	-	2,124	11,829
Miscellaneous	2,311	4,879	773	-	1,513	9,476
Supplies	2,205	16,155	22,038	-	5,306	45,704
Payroll taxes	11,848	27,446	6,994	-	5,276	51,564
Personnel	165,137	371,522	103,276	-	47,212	687,147
Postage/shipping	1,201	1,815	2,764	-	363	6,143
Printing	3,303	4,143	6,812	-	592	14,850
Professional services	12,985	106,295	3,791	-	6,746	129,817
Public relations	652	894	2,434	-	450	4,430
Staff development	3,659	12,962	366	-	487	17,474
Telephone	5,508	6,366	742	-	669	13,285
Utilities	10,174	14,534	2,906	-	1,454	29,068
Recognition	59	4,497	1,831	-	623	7,010
Depreciation	23,228	33,182	6,637	-	3,318	66,365
Total	$ 298,235	$ 683,629	$ 196,435	$ 88,668	$ 90,438	$ 1,357,405

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

Sunflower House, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2010

	Program Services		Supporting Services			
	Education	Child Assessment	Fundraising	Cost of Goods Sold	Management / Administrative	Total
Dues and subscriptions	$ 254	$ 5,784	$ 1,805	$ -	$ 2,395	$ 10,238
Bad debt	914	-	30,578	-	-	31,492
Data processing	5,756	8,224	1,645	-	822	16,447
Employee benefits	27,535	35,505	9,053	-	4,673	76,766
Special events	-	-	-	89,431	-	89,431
Insurance	9,127	13,152	2,608	-	6,247	31,134
Interest expense	1,478	2,111	422	-	211	4,222
Maintenance	28,603	37,372	7,889	-	3,274	77,138
Media purchases	392	-	-	-	63	455
Mileage and travel	5,682	3,531	886	-	223	10,322
Miscellaneous	3,485	5,266	1,190	-	1,465	11,406
Supplies	6,984	30,447	23,749	-	8,990	70,170
Payroll taxes	15,684	28,865	9,562	-	3,328	57,439
Personnel	213,112	384,621	126,025	-	43,962	767,720
Postage/shipping	888	1,320	2,848	-	773	5,829
Printing	2,654	5,248	8,118	-	716	16,736
Professional services	15,753	140,280	13,017	-	4,988	174,038
Public relations	2,382	65	1,603	-	51	4,101
Staff development	2,410	14,626	2,594	-	1,300	20,930
Telephone	6,066	7,392	944	-	472	14,874
Utilities	8,452	11,070	2,415	-	1,207	23,144
Recognition	427	507	4,759	-	70	5,763
Depreciation	23,224	33,177	6,636	-	3,317	66,354
Total	$ 381,262	$ 768,563	$ 258,346	$ 89,431	$ 88,547	$ 1,586,149

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

Note A – 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, 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 accounting principles generally accepted in the United States of America.

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 Organization's investments in marketable securities are carried in the financial statements at fair market value based on quoted market prices for those investments. Realized and unrealized gains and losses are included in revenue. The average cost method is used to determine the cost of securities.

Note A – Summary of Significant Accounting Policies (Continued)

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

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 December 31, 2011 for the Organization. If applicable, the Organization will recognize interest and penalties related to the underpayment of income taxes in the year incurred. 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, 2008.

Fixed Assets
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 for building and land improvements and straight-line 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 years ended December 31, 2011 and 2010 is $66,365 and $66,354, 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 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, 2011 were approximately $25,500 of donated supplies and wish list items (used for child assessment), $5,000 of donated legal services, and approximately $4,500 of donated equipment usage (used for administrative). Additionally, approximately $33,000 of auction items was donated for the valentine gala fundraiser during 2011.

Note A – Summary of Significant Accounting Policies (Continued)

Contributed products and services recognized as revenue during the year ended December 31, 2010 were approximately $29,000 of donated laboratory services (used for child assessment), $35,500 of donated supplies and wish list items (used for child assessment), $11,000 of donated repairs related to water damage, and approximately $4,500 of donated equipment usage (used for administrative). Additionally, approximately $41,000 of auction items was donated for the valentine gala fundraiser during 2010.

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, 2011 and 2010, the Organization had an allowance for doubtful accounts of $2,300 and $7,125, respectively, which is net against pledges receivable on the Statements of Financial Position.

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. Accounts are written off as uncollectible at the time management determines that collection is unlikely. At December 31, 2011 and 2010, the Organization determined that no allowance for doubtful accounts was necessary for accounts receivable.

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.

Reclassifications
Certain 2010 financial statement line items have been reclassified to conform to the 2011 presentation.

Note B – 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, 2011 and 2010, the Organization had no cash and deposits exceeding the insured limit.

Note C – Commitments and Contingencies

In 2011 and 2010, the Organization did not maintain cash and investments in an amount necessary to comply with donor-imposed restrictions. As of December 31, 2011 and 2010, Sunflower House has approximately $30,000 and $100,000 in cash and investments less than the amount required to comply with donor-imposed restrictions.

Note D - Investments

Investments held by Sunflower House, Inc. at December 31, 2011 and 2010:

	2011	2010
Equity securities	$ -	$ 181,844

Note E – Lease Commitments

The Organization leases copiers and postage machines under operating leases, with various expiration dates through 2014. Rent expense for this equipment for the year ended December 31, 2011 and 2010, is approximately $14,000 and $15,000, respectively.

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

Year Ended December 31,	
2012	$ 9,720
2013	9,720
2014	8,910
	$ 28,350

Note F – 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 2011 and 2010, capital campaign donors released a total of $10,166 and $65,000 of permanently restricted contributions, respectively. At December 31, 2011 and 2010, net assets permanently restricted for the endowment are $113,381 and $123,547, respectively.

Note G – Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2011 and 2010:

	2011	2010
Restricted as to use:		
Capital campaign	$ 210,711	$ 235,252
Happy bear costumes and supplies	-	4,453
Child assessment	183,148	167,625
Education programming	29,806	15,750
"Let's Chat" Internet safety program for middle schoolers	10,000	-
Life coaching and best year yet initiatives	3,104	3,104
Technology upgrades	350	-
Volunteering improvements	10,000	-
Restricted as to time	199,477	153,773
Total Temporarily Restricted Net Assets	$ 646,596	$ 579,957

Note H – Pledges Receivable

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

	December 31, 2011	December 31, 2010
Receivable in less than one year, net of allowance	$ 79,219	$ 90,905
Receivable in one to five years	66,897	53,368
Total Unconditional Promises to Give at December 31	$ 146,116	$ 144,273

Note H – Pledges Receivable (Continued)

The Organization also received planned estate gifts of $25,000 pledged for operating support of Sunflower House. These gifts are not included in pledges receivable as of December 31, 2011 or 2010 as they are contingent upon the death of the donor and probate of the estate.

Note I – 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.

At December 31, 2011 and 2010 the Organization's beneficial interest in net assets held by the community foundation totaled $15,186 and $15,591, respectively.

Note J – 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. Matching contributions to the plan are discretionary. No match was made by the Organization in 2011 or 2010.

Note K - Concentrations

In 2011, approximately 24% of the Organization's support was derived from both the Victims of Crime Act government grant and State of Kansas Children's Advocacy Centers government grants, with approximately 12% of support coming from each. Additionally, approximately 10% of the Organization's support was derived from a single foundation in 2011.

Note K – Concentrations (Continued)

In 2010, approximately 13% and 8% of the Organization's support was derived from the Victims of Crime Act government grant and State of Kansas Children's Advocacy Centers government grant, respectively. Additionally, approximately 5% of the Organization's support was derived from a single foundation in 2010.

Note L – 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 July 31, 2012. Under the agreement, interest accrues on the unpaid balance of the note at the prime rate minus .5% (with a minimum rate of 5%) (5% at December 31, 2011).

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, 2011, the Organization has no balance outstanding on this line of credit.

Note M - Fair Value Measurements

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

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

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

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

Note M - Fair Value Measurements (Continued)

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:

Investments: Valued based on quoted market prices from various pricing agencies serving active markets.

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.

Auction inventory: Valued based upon the lower of estimated fair value as determined by the donor and corroborated by research of publicly available pricing at the time of donation and subsequent auction prices obtained.

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2011 and 2010:

	Assets at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Investments	$ -	$ -	$ -	$ -
Beneficial interest in assets held by Community Foundation	-	-	15,186	15,186
Auction inventory	-	-	9,117	9,117
	$ -	$ -	$ 24,303	$ 24,303

Note M - Fair Value Measurements (Continued)

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Investments	$ 181,844	$ -	$ -	$ 181,844
Beneficial interest in assets held by Community Foundation	-	-	15,591	15,591
Auction inventory	-	-	4,870	4,870
	$ 181,844	$ -	$ 20,461	$ 202,305

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended December 31, 2011 and 2010:

	Beneficial Interest in Assets Held by Community Foundation	Auction Inventory	Total
Balance, December 31, 2009	$ 13,988	$ 5,553	$ 19,541
Interest and dividends	334	-	334
Net gains	1,519	-	1,519
Administrative fees	(250)	-	(250)
Donations/purchases of inventory items	-	7,805	7,805
Sale of inventory items	-	(8,488)	(8,488)
Total Assets at Fair Value as of December 31, 2010	$ 15,591	$ 4,870	$ 20,461
Interest and dividends	361	-	361
Net gains (losses)	(516)	-	(516)
Administrative fees	(250)	-	(250)
Donations/purchases of inventory items	-	33,450	33,450
Sale of inventory items	-	(29,203)	(29,203)
Total Assets at Fair Value as of December 31, 2011	$ 15,186	$ 9,117	$ 24,303

Note N - Endowment

Endowment Overview

The Sunflower House Board of Directors has fiduciary responsibility to its donors for the prudent management and use of agency assets. Sunflower House 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 Sunflower House Board of Directors that investments of its charitable assets be made to facilitate current and future charitable needs of Sunflower House.

Sunflower House's endowment includes both donor restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, 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.

Return Objectives and Risk Parameters

The investment objectives and primary purpose of the Sunflower House endowment is a combination of growth and income sufficient to meet the capital improvement and operational needs of the organization. The Board of Directors is willing to accept controlled risk for above average return on investments. Risk in the portfolio is managed through asset class diversification, balanced sector/security weighting, asset quality and investment prudence.

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

Note N – Endowment (Continued)

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. Sunflower House 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 Sunflower House'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 temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Policies for Appropriation of Endowment Assets
The Sunflower House 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. Sunflower House's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current absolute target return goal on an annualized basis is inflation plus 5%. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Sunflower House 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'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 principle, and to fund agency operations with investment income up to $25,000 with board approval, which is further limited to keeping the corpus of the donor restricted assets intact.

Endowment net asset composition by type of fund at December 31, 2011 :

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 113,381	$ 113,381
Board-designated endowment funds	107,271	-	107,271
	$ 107,271	$ 113,381	$ 220,652

Note N – Endowment (Continued)

Endowment net asset composition by type of fund at December 31, 2010 :

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 123,547	$ 123,547
Board-designated endowment funds	107,271	-	107,271
	$ 107,271	$ 123,547	$ 230,818

Composition of and changes in endowment net assets for the years ended December 31, 2011 and 2010 were as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, December 31, 2009	$ 107,271	$ 188,547	$ 295,818
Release from restriction	-	(65,000)	(65,000)
Endowment net assets, December 31, 2010	$ 107,271	$ 123,547	$ 230,818
Release from restriction	-	(10,166)	(10,166)
Endowment net assets, December 31, 2011	$ 107,271	$ 113,381	$ 220,652

Note O – Subsequent Events

Management has evaluated subsequent events through August 5, 2012, the date which the financial statements were available for issue.

The line of credit described in Note L expired July 31, 2012 and has not been renewed as of the date of this report. No borrowings on the line of credit occurred subsequent to year end through the date of this report.