SUNFLOWER HOUSE, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2013 AND 2012

CONTENTS

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

Independent Auditor's Report

To the Board of Directors
Sunflower House, Inc.

We have audited the accompanying financial statements of Sunflower House, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, 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.

GOTTLIEB, FLEKIER & CO., P.A.
Overland Park, KS
June 13, 2014

Sunflower House, Inc.
Statements of Financial Position
December 31, 2013 and 2012

Assets

	41,639	41,274
Current Assets:		
Cash and cash equivalents, less permanently restricted	$ 418,172	$ 393,302
Beneficial interest in assets held by Community Foundation, less permanently restricted	12,098	16,803
Investment securities	80,273	-
Accounts receivable	9,892	11,854
Grants receivable	138,308	251,135
Auction inventory	13,002	11,517
Prepaid expenses	13,193	4,236
Pledges receivable, net of an allowance for doubtful accounts of $15,740 and $10,090 at December 31, 2013 and 2012, respectively	78,830	99,602
Total Current Assets	763,768	788,449
Fixed Assets:		
Land and improvements	353,500	353,500
Building	2,117,797	2,093,774
Office equipment	550,193	539,131
Total Fixed Assets	3,021,490	2,986,405
Less accumulated depreciation	(1,114,281)	(1,043,980)
Net Fixed Assets	1,907,209	1,942,425
Other Assets:		
Permanently restricted cash and cash equivalents	-	113,381
Permanently restricted beneficial interest in assets held by community foundation	113,381	-
Pledges receivable	73,320	78,516
Total Other Assets	186,701	191,897
Total Assets	$ 2,857,678	$ 2,922,771

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

Sunflower House, Inc.
Statements of Financial Position
December 31, 2013 and 2012

Liabilities and Net Assets

	2013	2012
Current Liabilities:		
Accounts payable	$ 19,503	$ 20,459
Accrued payroll liabilities	17,554	21,868
Deferred revenue	11,925	21,363
Total Current Liabilities	48,982	63,690
Total Liabilities	48,982	63,690
Net Assets:		
Unrestricted:		
Undesignated	2,145,547	1,980,149
Designated by the Board for endowment purposes	-	107,271
Total Unrestricted	2,145,547	2,087,420
Restricted:		
Temporarily restricted	549,768	658,280
Permanently restricted	113,381	113,381
Total Restricted	663,149	771,661
Total Net Assets	2,808,696	2,859,081
Total Liabilities and Net Assets	$ 2,857,678	$ 2,922,771

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

Sunflower House, Inc.
Statement of Activities
For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
United Way	$ 121,832	$ -	$ -	$ 121,832
Grants	116,784	568,844	-	685,628
Special events	149,904	39,500	-	189,404
Contributions	171,630	40,714	-	212,344
Total Support	560,150	649,058	-	1,209,208
Revenue:				
Net unrealized gains on beneficial interest in assets held by Community Foundation	9,401	-	-	9,401
Net realized and unrealized loss on investment securities	(696)	-	-	(696)
Interest and dividend income	2,955	-	-	2,955
Fee and other income	39,758	-	-	39,758
Total Revenue	51,418	-	-	51,418
Net Assets Released From Restriction due to Satisfaction of Purpose	571,888	(571,888)	-	-
Net Assets Released From Restriction due to Passage of Time	185,682	(185,682)	-	-
Total Support and Revenue	1,369,138	(108,512)	-	1,260,626
Expenses:				
Program Services:				
Education	289,496	-	-	289,496
Child assessment	645,489	-	-	645,489
Supporting Services:				
Fundraising	225,245	-	-	225,245
Cost of goods sold	81,792	-	-	81,792
Management/administrative	68,989	-	-	68,989
Total Expenses	1,311,011	-	-	1,311,011
Change in net assets	58,127	(108,512)	-	(50,385)
Net assets, beginning of year	2,087,420	658,280	113,381	2,859,081
Net assets, end of year	$ 2,145,547	$ 549,768	$ 113,381	$ 2,808,696

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

Sunflower House, Inc.
Statement of Activities
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
United Way	$ 128,098	$ -	$ -	$ 128,098
Grants	239,743	535,959	-	775,702
Special events	193,341	64,000	-	257,341
Contributions	190,212	124,208	-	314,420
Total Support	751,394	724,167	-	1,475,561
Revenue:				
Net unrealized gains on beneficial interest in assets held by Community Foundation	1,416	-	-	1,416
Interest income	395	-	-	395
Fee and other income	48,156	-	-	48,156
Total Revenue	49,967	-	-	49,967
Net Assets Released From Restriction due to Satisfaction of Purpose	513,006	(513,006)	-	-
Net Assets Released From Restriction due to Passage of Time	199,477	(199,477)	-	-
Total Support and Revenue	1,513,844	11,684	-	1,525,528
Expenses:				
Program Services:				
Education	286,569	-	-	286,569
Child assessment	673,078	-	-	673,078
Supporting Services:				
Fundraising	174,069	-	-	174,069
Cost of goods sold	77,684	-	-	77,684
Management/administrative	76,074	-	-	76,074
Total Expenses	1,287,474	-	-	1,287,474
Change in net assets	226,370	11,684	-	238,054
Net assets, beginning of year	1,861,050	646,596	113,381	2,621,027
Net assets, end of year	$ 2,087,420	$ 658,280	$ 113,381	$ 2,859,081

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

Sunflower House, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities:		
Change in net assets	$ (50,385)	$ 238,054
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	70,301	66,190
Bad debt	16,613	16,195
Net realized and unrealized gain on investment securities	(8,705)	(1,416)
Contribution of investment securities	(4,332)	-
Changes in:		
Grants receivable	112,827	(34,615)
Pledges receivable	9,355	(48,197)
Accounts receivable	1,962	(5,171)
Prepaid expenses	(8,957)	(436)
Auction inventory	(1,485)	(2,400)
Accounts payable and accrued payroll liabilities	(5,270)	(34,488)
Deferred revenue	(9,438)	14,324
Permanently restricted cash and cash equivalents	113,381	-
Net Cash Provided by Operating Activities	235,867	208,040
Cash Flows from Investing Activities:		
Purchase of fixed assets	(35,085)	(53,758)
Purchase of investment securities	(199,316)	-
Reinvestment of investment income, net of fees	(863)	(201)
Proceeds from sale of investment securities	24,267	-
Net Cash Used In Investing Activities	(210,997)	(53,959)
Net increase (decrease) in cash and cash equivalents	24,870	154,081
Cash and cash equivalents, beginning of year	393,302	239,221
Cash and cash equivalents, end of year	$ 418,172	$ 393,302
Supplemental disclosures of noncash investing activities:		
Contribution of investment securities	$ 4,332	$ -

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

Sunflower House, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2013

	Program Services		Supporting Services			
	Education	Child Assessment	Fundraising	Cost of Goods Sold	Management / Administrative	Total
Dues and subscriptions	$ 248	$ 5,306	$ 1,257	$ -	$ 133	$ 6,944
Bad debt	-	-	16,613	-	-	16,613
Data processing	1,780	357	12,318	-	23	14,478
Employee benefits	21,574	33,656	6,585	-	3,496	65,311
Special events	-	-	-	81,792	-	81,792
Insurance	10,021	15,575	2,824	-	4,806	33,226
Maintenance	21,012	26,212	7,440	-	4,519	59,183
Media purchases	108	-	-	-	-	108
Mileage and travel	4,705	5,647	799	-	6	11,157
Miscellaneous	397	761	7,156	-	1,120	9,434
Supplies	3,704	20,613	34,710	-	377	59,404
Payroll taxes	10,952	25,215	6,293	-	3,050	45,510
Personnel	162,311	347,678	95,832	-	41,008	646,829
Postage/shipping	1,153	2,063	3,810	-	159	7,185
Printing	3,019	1,834	7,048	-	167	12,068
Professional services	12,263	85,469	3,678	-	1,739	103,149
Public relations	1,209	286	5,470	-	54	7,019
Staff development	3,257	10,549	689	-	118	14,613
Telephone	2,231	3,440	374	-	836	6,881
Utilities	11,280	16,131	3,223	-	1,611	32,245
Recognition	697	4,625	2,096	-	143	7,561
Depreciation	17,575	40,072	7,030	-	5,624	70,301
Total	$ 289,496	$ 645,489	$ 225,245	$ 81,792	$ 68,989	$ 1,311,011

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

Sunflower House, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2012

	Program Services		Supporting Services			
	Education	Child Assessment	Fundraising	Cost of Goods Sold	Management / Administrative	Total
Dues and subscriptions	$ 56	$ 5,000	$ 636	$ -	$ 124	$ 5,816
Bad debt	-	-	16,195	-	-	16,195
Data processing	534	1,363	7,319	-	4,204	13,420
Employee benefits	17,934	28,953	3,736	-	3,080	53,703
Special events	-	-	-	77,684	-	77,684
Insurance	8,195	12,147	2,295	-	10,430	33,067
Maintenance	20,418	33,349	6,308	-	1,831	61,906
Media purchases	136	47	5	-	3	191
Mileage and travel	4,760	3,538	749	-	2,058	11,105
Miscellaneous	372	332	2,694	-	2,849	6,247
Supplies	8,188	18,156	27,331	-	310	53,985
Payroll taxes	10,694	26,189	5,464	-	2,864	45,211
Personnel	151,293	346,305	70,920	-	38,182	606,700
Postage/shipping	773	997	3,565	-	367	5,702
Printing	3,851	2,925	5,225	-	304	12,305
Professional services	13,558	121,802	4,066	-	3,398	142,824
Public relations	2,711	1,573	3,399	-	336	8,019
Staff development	4,768	15,532	1,015	-	143	21,458
Telephone	4,970	5,493	501	-	884	11,848
Utilities	9,484	13,548	2,709	-	1,355	27,096
Recognition	707	2,734	3,318	-	43	6,802
Depreciation	23,167	33,095	6,619	-	3,309	66,190
Total	$ 286,569	$ 673,078	$ 174,069	$ 77,684	$ 76,074	$ 1,287,474

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.

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.

Note A – Summary of Significant Accounting Policies (Continued)

Income Taxes
No provision for income taxes is included in the Statement of Activities since the organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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, 2013 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, 2010.

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 over the estimated useful lives of the respective assets, which is generally five to seven years for office equipment and fifteen to 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, 2013 and 2012 is $70,301 and $66,190, 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, 2013 were approximately $13,000 of donated supplies and wish list items ($11,000 used for child assessment and $2,000 used for fundraising and special events), and approximately $4,500 of donated equipment usage (used for education). Additionally, approximately $24,000 of auction items were donated for the valentine gala fundraiser during 2013, and the Organization received approximately $7,200 of donated IT support, $2,500 of donated fish tank maintenance services, and $800 of donated lawn care services.

Note A – Summary of Significant Accounting Policies (Continued)

Contributed Services and Goods (continued)
Contributed products and services recognized as revenue during the year ended December 31, 2012 were approximately $21,000 of donated supplies and wish list items (used for child assessment), approximately $5,700 of donated legal services (used for child assessment), approximately $4,500 of donated equipment usage (used for education), and approximately $7,100 of donated video production (used for fundraising). Additionally, approximately $21,000 of auction items was donated for the valentine gala fundraiser during 2012, and the Organization received approximately $4,100 of donated IT support and $3,000 of donated fish tank maintenance services.

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. At December 31, 2013 and 2012, the Organization had an allowance for doubtful accounts of $15,740 and $10,090, respectively, which is net against pledges receivable on the Statements of Financial Position. Pledges receivable have various due dates, generally over 1-5 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 December 31, 2013 and 2012, 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 December 31, 2013 and 2012, the Organization determined that no allowance for doubtful accounts was necessary for grants receivable.

Note A – Summary of Significant Accounting Policies (Continued)

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 – Concentration of Credit Risk

Sunflower House, Inc. maintains cash balances at two institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization had cash and deposits exceeding the insured limit of approximately $155,000 and $55,000 at December 31, 2013 and 2012, respectively.

Note C – Lease Commitments

The Organization leases office equipment under operating leases, with various expiration dates through 2019. Rent expense for this equipment for the year ended December 31, 2013 and 2012, is approximately $14,000 per year.

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

Year Ended December 31,	
2014	$ 21,456
2015	21,456
2016	21,456
2017	21,456
2018	21,456
thereafter	2,508
	$ 109,788

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. At December 31, 2013 and 2012, net assets permanently restricted for the endowment are $113,381.

Note E – Pledges Receivable

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

	December 31, 2013	December 31, 2012
Receivable in less than one year, net of allowance	$ 78,830	$ 99,602
Receivable in one to five years	73,320	78,516
Total Unconditional Promises to Give	$ 152,150	$ 178,118

The Organization has 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, 2013 or 2012 as they are contingent upon the death of the donor and probate of the estate.

Note F – Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2013 and 2012:

	2013	2012
Restricted as to use:		
Capital campaign	$ 178,382	$ 189,184
Child assessment	124,757	177,351
Education programming	29,610	18,387
Technology upgrades	6,581	-
Restricted as to time	210,438	273,358
Total Temporarily Restricted Net Assets	$ 549,768	$ 658,280

Note G – 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, 2013 and 2012 the Organization's beneficial interest in net assets held by the Foundation totaled $125,479 and $16,803, respectively.

Note H – 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 2013 or 2012.

Note I - Concentrations

In 2013, approximately 12% of the Organization's support was derived from the Victims of Crime Act government grant and approximately 13% was derived from the State of Kansas Children's Advocacy Centers government grant. Additionally, approximately 8% of the Organization's support was derived from one foundation in 2013.

In 2012, approximately 10% of the Organization's support was derived from the Victims of Crime Act government grant and approximately 11% was derived from the State of Kansas Children's Advocacy Centers government grant. Additionally, approximately 17% of the Organization's support was derived from two foundations in 2012.

Note J – 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 September 30, 2014. Under the agreement, interest accrues on the unpaid balance of the note at the prime rate, but not less than 5% (5% at December 31, 2013 and 2012).

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, 2013, the Organization has no balance outstanding on this line of credit.

Note K - Fair Value Measurements

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

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

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

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

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

Note K - Fair Value Measurements (Continued)

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 valued at unadjusted, quoted market prices in active markets at December 31, 2013.

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2013 and 2012:

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Community Foundation	$ -	$ -	$ 125,479	$125,479
Investment securities	80,273	-	-	80,273
	$ 80,273	$ -	$ 125,479	$205,752

	Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Community Foundation	$ -	$ -	$ 16,803	$ 16,803
	$ -	$ -	$ 16,803	$ 16,803

Note K - Fair Value Measurements (Continued)

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, 2013 and 2012:

	Beneficial Interest in Assets Held by Community Foundation
Balance, December 31, 2011	$ 15,186
Interest and dividends	389
Net gains	1,479
Administrative fees	(251)
Balance as of December 31, 2012	$ 16,803
Purchase of additional interests	$ 98,508
Interest and dividends	1,602
Net gains	9,401
Administrative fees	(835)
Balance as of December 31, 2013	$ 125,479

Note L - 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.

Note L – Endowment (Continued)

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.

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.

Note L – Endowment (Continued)

The Board of Directors has determined that the majority of its contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Board of Directors. Under the terms of 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.

During 2013, the Board released the restriction for board-restricted endowment funds to allow the funds to be used for operating activities. All remaining endowment funds are donor restricted.

Note L – Endowment (Continued)

Endowment net asset composition by type of fund at December 31, 2013:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 113,381	$ 113,381
	$ -	$ 113,381	$ 113,381

Endowment net asset composition by type of fund at December 31, 2012:

	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

Composition of and changes in endowment net assets for the years ended December 31, 2013 and 2012 were as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, December 31, 2011	$ 107,271	$ 113,381	$ 220,652
Endowment net assets, December 31, 2012	107,271	113,381	220,652
Release from restriction	(107,271)	-	(107,271)
Endowment net assets, December 31, 2013	$ -	$ 113,381	$ 113,381

Note M – Subsequent Events

Management has evaluated subsequent events through June 13, 2014, the date which the financial statements were available for issue.

Effective in 2014, the Organization ceased performing on-site medical evaluations and has partnered with Children's Mercy Hospital to perform off-site evaluations.