SUNFLOWER HOUSE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2014 AND 2013

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.

Report on the Financial Statements

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, 2014 and 2013, 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

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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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, 2014 and 2013, 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.

GOTTLIEB, FLEKIER & CO., P.A.
Overland Park, KS
June 25, 2015

Sunflower House, Inc.
Statements of Financial Position
December 31, 2014 and 2013

Assets

	2014	2013
Current Assets:		
Cash and cash equivalents	$ 154,080	$ 418,172
Beneficial interest in assets held by Community Foundation, less permanently restricted	18,780	12,098
Investment securities	146,634	80,273
Accounts receivable	16,117	9,892
Grants receivable	207,295	138,308
Auction inventory	20,440	13,002
Prepaid expenses	16,454	13,193
Pledges receivable, net of an allowance for doubtful accounts of $11,678 and $15,740 at December 31, 2014 and 2013, respectively	66,859	78,830
Total Current Assets	646,659	763,768
Fixed Assets:		
Land and improvements	366,802	353,500
Building	2,121,786	2,117,797
Office equipment	452,706	550,193
Total Fixed Assets	2,941,294	3,021,490
Less accumulated depreciation	(1,084,523)	(1,114,281)
Net Fixed Assets	1,856,771	1,907,209
Other Assets:		
Permanently restricted beneficial interest in assets held by Community Foundation	113,381	113,381
Pledges receivable	63,683	73,320
Total Other Assets	177,064	186,701
Total Assets	$ 2,680,494	$ 2,857,678

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

Sunflower House, Inc.
Statements of Financial Position
December 31, 2014 and 2013

Liabilities and Net Assets

	2014	2013
Current Liabilities:		
Accounts payable	$ 12,524	$ 19,503
Accrued payroll liabilities	19,115	17,554
Deferred revenue	9,300	11,925
Total Current Liabilities	40,939	48,982
Total Liabilities	40,939	48,982
Net Assets:		
Unrestricted	1,899,094	2,145,547
Restricted:		
Temporarily restricted	627,080	549,768
Permanently restricted	113,381	113,381
Total Restricted	740,461	663,149
Total Net Assets	2,639,555	2,808,696
Total Liabilities and Net Assets	$ 2,680,494	$ 2,857,678

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

Sunflower House, Inc.
Statement of Activities
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
United Way	$ 126,932	$ -	$ -	$ 126,932
Grants	41,398	556,379	-	597,777
Special events	95,794	57,200	-	152,994
Contributions	194,997	32,475	-	227,472
Total Support	459,121	646,054	-	1,105,175
Revenue:				
Net unrealized gains on beneficial interest in assets held by Community Foundation	5,341	-	-	5,341
Net realized and unrealized gain on investment securities	1,360	-	-	1,360
Interest and dividend income	13,121	-	-	13,121
Fee and other income	41,672	-	-	41,672
Total Revenue	61,494	-	-	61,494
Net Assets Released From Restriction due to Satisfaction of Purpose	435,849	(435,849)	-	-
Net Assets Released From Restriction due to Passage of Time	132,893	(132,893)	-	-
Total Support and Revenue	1,089,357	77,312	-	1,166,669
Expenses:				
Program Services:				
Education	295,173	-	-	295,173
Child assessment	629,500	-	-	629,500
Supporting Services:				
Fundraising	225,934	-	-	225,934
Cost of goods sold	113,209	-	-	113,209
Management/administrative	71,994	-	-	71,994
Total Expenses	1,335,810	-	-	1,335,810
Change in net assets	(246,453)	77,312	-	(169,141)
Net assets, beginning of year	2,145,547	549,768	113,381	2,808,696
Net assets, end of year	$ 1,899,094	$ 627,080	$ 113,381	$ 2,639,555

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	584,384	-	701,168
Special events	161,421	39,500	-	200,921
Contributions	171,530	25,274	-	196,804
Total Support	571,567	649,158	-	1,220,725
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	1,380,555	(108,412)	-	1,272,143
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	93,309	-	-	93,309
Management/administrative	68,989	-	-	68,989
Total Expenses	1,322,528	-	-	1,322,528
Change in net assets	58,027	(108,412)	-	(50,385)
Net assets, beginning of year	2,087,420	658,280	113,381	2,859,081
Net assets, end of year	$ 2,145,447	$ 549,868	$ 113,381	$ 2,808,696

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

Sunflower House, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	$ (169,141)	$ (50,385)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	71,448	70,301
Bad debt	20,669	16,613
Net realized and unrealized gain on investment securities	(6,701)	(8,705)
Contribution of investment securities	(3,497)	(4,332)
Changes in:		
Grants receivable	(68,987)	112,827
Pledges receivable	939	9,355
Accounts receivable	(6,225)	1,962
Prepaid expenses	(3,261)	(8,957)
Auction inventory	(7,438)	(1,485)
Accounts payable and accrued payroll liabilities	(5,418)	(5,270)
Deferred revenue	(2,625)	(9,438)
Permanently restricted cash and cash equivalents	-	113,381
Net Cash Provided by (Used In) Operating Activities	(180,237)	235,867
Cash Flows from Investing Activities:		
Purchase of fixed assets	(21,010)	(35,085)
Purchase of investment securities	(81,774)	(199,316)
Reinvestment of investment income, net of fees	(4,568)	(863)
Proceeds from sale of investment securities	23,497	24,267
Net Cash Used In Investing Activities	(83,855)	(210,997)
Net increase (decrease) in cash and cash equivalents	(264,092)	24,870
Cash and cash equivalents, beginning of year	418,172	393,302
Cash and cash equivalents, end of year	$ 154,080	$ 418,172
Supplemental disclosures of noncash investing activities:		
Contribution of investment securities	$ 3,497	$ 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, 2014

	Program Services		Supporting Services			
	Education	Child Assessment	Fundraising	Cost of Goods Sold	Management / Administrative	Total
Dues and subscriptions	$ 444	$ 1,710	$ 1,172	$ -	$ 82	$ 3,408
Bad debt	420	-	20,249	-	-	20,669
Data processing	2,830	7,916	5,558	-	404	16,708
Employee benefits	18,372	33,204	12,599	-	5,251	69,426
Special events	-	-	-	113,209	-	113,209
Insurance	9,421	13,525	2,515	-	1,347	26,808
Maintenance	21,375	35,533	7,498	-	1,870	66,276
Mileage and travel	3,757	6,351	1,742	-	-	11,850
Miscellaneous	405	523	6,988	-	2,749	10,665
Supplies	7,860	32,976	9,976	-	442	51,254
Payroll taxes	10,534	26,528	7,229	-	3,403	47,694
Personnel	156,099	358,235	117,190	-	47,754	679,278
Postage/shipping	1,229	1,346	3,034	-	126	5,735
Printing	1,092	1,507	2,574	-	131	5,304
Professional services	13,614	36,781	7,201	-	2,009	59,605
Public relations	760	442	4,250	-	43	5,495
Staff development	4,761	6,473	359	-	189	11,782
Telephone	3,964	9,102	1,028	-	1,187	15,281
Utilities	11,978	17,111	3,422	-	1,712	34,223
Recognition	1,148	4,117	4,179	-	248	9,692
Depreciation	25,110	36,120	7,171	-	3,047	71,448
Total	$ 295,173	$ 629,500	$ 225,934	$ 113,209	$ 71,994	$ 1,335,810

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	-	-	-	93,309	-	93,309
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	$ 93,309	$ 68,989	$ 1,322,528

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, 2014 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, 2011.

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, 2014 and 2013 is $71,448 and $70,301, 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, 2014 were approximately $14,600 of donated supplies and wish list items ($11,000 used for child assessment and $3,600 used for fundraising and special events), and approximately $2,600 of donated equipment usage (used for education). Additionally, approximately $44,500 of auction items were donated for the valentine gala fundraiser during 2014, and the Organization received approximately $7,400 of donated IT support, approximately $2,800 of donated fish tank maintenance services, approximately $8,400 of donated legal services (used for child assessment) and approximately $2,400 in donated repairs (used for administrative).

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, 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.

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, 2014 and 2013, the Organization had an allowance for doubtful accounts of $11,678 and $15,740, 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, 2014 and 2013, 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, 2014 and 2013, 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.

Reclassifications
Certain amounts for the year ended December 31, 2013 have been reclassified to conform with the current year presentation. These reclassifications had no effect on net income for the year ended December 31, 2014.

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 at December 31, 2013.

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, 2014 and 2013, is approximately $21,000 and $14,000, respectively.

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

Year Ended December 31,		
2015	$	21,456
2016		21,456
2017		21,456
2018		21,456
2019		2,508
	$	88,332

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, 2014 and 2013, 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, 2014	December 31, 2013
Receivable in less than one year, net of allowance	$ 66,859	$ 78,830
Receivable in one to five years	63,683	73,320
Total Unconditional Promises to Give	$ 130,542	$ 152,150

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, 2014 or 2013 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, 2014 and 2013:

	2014	2013
Restricted as to use		
Capital campaign	$ 165,982	$ 178,382
Child assessment	126,297	124,757
Education programming	32,500	29,610
Technology upgrades	12,115	6,581
Not eligible for use on salaries or administrative	7,499	-
Upgrades to play therapy room	1,192	-
Restricted as to Time	281,495	210,438
Total Temporarily Restricted Net Assets	$ 627,080	$ 549,768

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, 2014 and 2013 the Organization's beneficial interest in net assets held by the Foundation totaled $132,161 and $125,479, 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 2014 or 2013.

Note I – Concentrations

In 2014, approximately 13% 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 7% of the Organization's support was derived from one foundation in 2014.

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.

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, 2015. 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, 2014 and 2013).

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, 2014 and 2013, the Organization has no balance outstanding on this line of credit.

Note K – Investments

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statement 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 association with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near team and that such change could materially affect the amounts reported in the statement of financial position.

Investments at December 31, 2014 and 2013 are comprised of the following at fair value:

	2014	2013
Mutual Funds	$ 39,947	$ 100
Preferred Stocks	106,687	80,173
	$ 146,634	$ 80,273

Note L – 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).

Note L – 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 valued at unadjusted, quoted market prices in active markets at December 31, 2014 and 2013.

Note L – Fair Value Measurements (Continued)

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2014 and 2013:

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by Community Foundation	$ -	$ -	$ 132,161	$132,161
Investment securities	146,634	-	-	146,634
	$ 146,634	$ -	$ 132,161	$278,795

	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

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, 2014 and 2013:

	Beneficial Interest in Assets Held by Community Foundation
Balance, 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
Interest and dividends	$ 2,634
Net gains	5,341
Administrative fees	(1,293)
Balance as of December 31, 2014	$ 132,161

Note M – 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 donor restricted funds of $113,381. Net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions or in accordance with the Board's interpretation of relevant law.

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 Organization is willing to accept risk necessary to achieve the target return on investments. Risks of the portfolio are managed through asset 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 M – 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 principal, 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.

Note M – Endowment (Continued)

Endowment net asset composition by type of fund at December 31, 2014 and 2013:

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

Composition of and changes in endowment net assets for the years ended December 31, 2014 and 2013 were as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
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
Endowment net assets, December 31, 2014	$ -	$ 113,381	$ 113,381

Note N – Subsequent Events

Management has evaluated subsequent events through June 25, 2015, the date which the financial statements were available for issue.