

# Financial Statements

Sunshine Center, Inc.  
December 31, 2024



**Katherine Overbeck Maxwell, CPA, PLLC**

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# **Sunshine Center, Inc.**

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# Katherine Overbeck Maxwell, PLLC

## Certified Public Accountant

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Sunshine Center, Inc.

We have audited the accompanying financial statements of Sunshine Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year 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 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 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.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunshine Center, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**Katherine Overbeck Maxwell, PLLC**  
Certified Public Accountant

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**Report on Summarized Comparative Information**

We have previously audited the Sunshine Center, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Katherine Overbeck Maxwell, CPA, PLLC*

Katherine Overbeck Maxwell, CPA, PLLC  
Galveston, Texas  
December 12, 2025

**Sunshine Center, Inc.**  
**Statement of Financial Position**  
**December 31, 2024**  
**(with comparative totals as of December 31, 2023)**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 351,121	\$ 475,176
Investment	107,873	-
Pledges Receivable	31,179	2,095
Program Service Fees Receivable	124,641	36,707
Prepaid Expenses	<u>10,470</u>	<u>12,224</u>
Total Current Assets	625,284	526,202
Property and Equipment, Net	249,237	304,859
ROU Assets-Operating Leases	<u>75</u>	<u>975</u>
<b>Total Assets</b>	<b><u>\$ 874,596</u></b>	<b><u>\$ 832,036</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 11,358	\$ 8,381
Payroll Taxes Liabilities	1,880	120
Operating Lease Liability	<u>75</u>	<u>900</u>
Total Current Liabilities	13,313	9,401
Long term Liabilities		
Operating Lease Liability	<u>0</u>	<u>75</u>
Total Long Term Liabilities	-	75
Total Liabilities	<u>13,313</u>	<u>9,476</u>
Net Assets		
Without Donor Restrictions	777,205	737,597
Without Donor Restrictions (Board Designated)	28,486	27,245
With Donor Restrictions	<u>55,592</u>	<u>57,718</u>
Total Net Assets	<u>861,283</u>	<u>822,560</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 874,596</u></b>	<b><u>\$ 832,036</u></b>

The accompanying notes to the financial statements are an integral part of this statement.

**Sunshine Center, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2024**  
**(with comparative totals as of December 31, 2023)**

	<b>2024</b>			<b>2023</b>
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Totals</b>	<b>Totals</b>
<b>Revenues and Other Support:</b>				
Contributions and Grants	\$ 383,731	\$ 13,000	\$ 396,731	\$ 317,755
Program Service	132,327	-	132,327	120,314
United Way (Mainland and Galveston)	55,777	-	55,777	57,677
Contributions In-Kind	19,758	-	19,758	19,541
Sales of Materials	-	-	-	267
Investment Income	3,095	-	3,095	821
Other Income	1,555	-	1,555	5,090
Special Events	43,876	-	43,876	41,424
Loss on Disposition of Assets	-	-	-	(761)
Net Assets Released from Restriction	15,126	(15,126)	-	-
<b>Total Revenue and Other Support</b>	<b>655,245</b>	<b>(2,126)</b>	<b>653,119</b>	<b>562,128</b>
<b>Expenses:</b>				
Program Services				
Individualized Skills and Socialization (ISS)	426,179	-	426,179	384,158
Supportive Employment	-	-	-	1,598
Community Support	56,476	-	56,476	39,400
Family Support	17,106	-	17,106	8,781
<b>Total Program Services</b>	<b>499,761</b>	<b>-</b>	<b>499,761</b>	<b>433,937</b>
Support Services				
Management and General	73,172	-	73,172	66,530
Fundraising	41,463	-	41,463	28,551
<b>Total Support Services</b>	<b>114,635</b>	<b>-</b>	<b>114,635</b>	<b>95,081</b>
<b>Total Expenses</b>	<b>614,396</b>	<b>-</b>	<b>614,396</b>	<b>529,018</b>
<b>Changes in Net Assets</b>	<b>40,849</b>	<b>(2,126)</b>	<b>38,723</b>	<b>33,108</b>
<b>Net Assets, Beginning of Year</b>	<b>764,842</b>	<b>57,718</b>	<b>822,560</b>	<b>789,452</b>
<b>Net Assets, End of Year</b>	<b>\$ 805,691</b>	<b>\$ 55,592</b>	<b>\$ 861,283</b>	<b>\$ 822,560</b>

The accompanying notes to the financial statements are an integral part of this statement.

Sunshine Center, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2024  
(with comparative totals as of December 31, 2023)

	2024										2023
	Individualized Skills & Socialization (ISS)	Supportive Employment	Community Support	Family Support	Total				Total		Total Expenses
					Program Services	Management and General	Fundraising	Support Services	Total Expenses		
Salaries	\$ 233,289	\$ -	\$ 40,222	\$ 9,385	\$ 282,896	\$ 21,463	\$ 17,419	\$ 38,882	\$ 321,778	\$ 277,630	
Payroll Taxes	19,552	-	3,037	854	23,443	1,708	1,424	3,132	26,575	24,270	
Employee Benefits	38,609	-	5,623	1,312	45,544	4,498	2,436	6,934	52,478	37,747	
Pension Contribution	4,462	-	650	152	5,264	520	282	802	6,066	6,731	
Worker's Compensation	1,876	-	273	64	2,213	219	118	337	2,550	2,830	
	297,788	-	49,805	11,767	359,360	28,408	21,679	50,087	409,447	349,208	
Accounting	-	-	-	-	-	23,146	-	23,146	23,146	10,400	
Awards	211	-	-	-	211	-	-	-	211	248	
Bad Debt	2,612	-	3,258	-	5,870	-	-	-	5,870	3,751	
Client Enrichment	1,894	-	-	-	1,894	-	-	-	1,894	1,581	
Conference and Training	294	-	-	356	650	54	134	188	838	1,003	
Depreciation	41,716	-	556	2,225	44,497	8,343	2,781	11,124	55,621	44,271	
Dues and Subscriptions	2,961	-	119	79	3,159	435	356	791	3,950	1,967	
Equipment	944	-	25	51	1,020	127	1,401	1,528	2,548	9,334	
Insurance	13,425	-	480	480	14,385	2,877	1,918	4,795	19,180	17,793	
Miscellaneous	1,963	-	-	-	1,963	-	3,343	3,343	5,306	4,154	
Occupancy	34,035	-	454	1,815	36,304	6,807	2,269	9,076	45,380	44,236	
Postage and Delivery	23	-	-	-	23	-	55	55	78	823	
Printing and Publications	2,281	-	30	122	2,433	243	365	608	3,041	2,022	
Professional Fees	-	-	-	-	-	828	-	828	828	1,419	
Sales Tax	72	-	3	-	75	40	-	40	115	180	
Supplies	8,532	-	-	22	8,554	220	22	242	8,796	9,321	
Telephone	2,476	-	35	177	2,688	707	141	848	3,536	3,311	
Travel	3,008	-	1,711	12	4,731	73	49	122	4,853	3,696	
In-Kind Contributions	11,944	-	-	-	11,944	864	6,950	7,814	19,758	19,541	
Total Expenses	\$ 426,179	\$ -	\$ 56,476	\$ 17,106	\$ 499,761	\$ 73,172	\$ 41,463	\$ 114,635	\$ 614,396	\$ 528,257	

The accompanying notes to the financial statements are an integral part of this statement.

**Sunshine Center, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2024**  
**(with comparative totals as of December 31, 2023)**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in Net Assets	\$ 38,723	\$ 33,108
Adjustments to Reconcile Changes in Net Assets to Cash Provided (Used) by Operating Activities		
Depreciation	55,621	44,271
Loss on Disposition of Assets	-	761
(Increase) Decrease in Pledges Receivable	(29,084)	275,042
(Increase) Decrease in Program Service Fees Receivable	(87,934)	(27,545)
(Increase) Decrease in Prepaid Expenses	1,754	508
Increase (Decrease) in Accounts Payable	2,977	3,348
Increase (Decrease) in Payroll Tax Liabilities	1,761	(4,908)
Increase (Decrease) in Operating Lease Liabilities	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><b>(16,182)</b></u>	<u><b>324,585</b></u>
<b>Cash Flows from Investing Activities:</b>		
Investment	(107,873)	-
Purchases of Property and Equipment	-	(124,464)
<b>Net Cash Used by Investing Activities</b>	<u><b>(107,873)</b></u>	<u><b>(124,464)</b></u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(124,055)</b>	<b>200,121</b>
<b>Beginning Cash and Cash Equivalents</b>	<u><b>475,176</b></u>	<u><b>275,055</b></u>
<b>Ending Cash and Cash Equivalents</b>	<u><u><b>\$ 351,121</b></u></u>	<u><u><b>\$ 475,176</b></u></u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest	\$ -	\$ -
Income Taxes	\$ -	\$ -

The accompanying notes to the financial statements are an integral part of this statement.



**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 1 – Description of the Organization**

Sunshine Center, Inc. (the Organization) is a private, non-profit organization established in 1953 that provides essential services to adults with developmental disabilities. The Organization is a member agency of both the United Way Galveston County Mainland and the United Way of Galveston. The Organization's revenues are derived primarily through United Way allocations, grant awards, charitable contributions, special event fundraisers, and program service fees collected from governmental agencies or sub-recipients of governmental agency funds. The Organization strives to meet the developing needs of its client population by providing quality innovative programming with a professional, committed and compassionate staff in a safe and secure environment.

The Organization's programs include Individualized Skills and Socialization (formerly Day Habilitation), Community Support/Habilitation, Family Outreach and Support, and Supportive Employment services.

**Individualized Skills and Socialization (ISS) / (Formerly Day-Habilitation)**

Sunshine maintained a Day Activity Health Service license for ISS only to provide both on-site and off-site Individual Skills and Socialization (ISS) services. This program provides services to assist in the acquisition, retention, and /or improvement in adaptive skills necessary for continued community living.

The Organization's staff work with clients using a horticulture model, a ceramics project, and a non-traditional enrichment learning center enabling them to master additional skills such as decision-making, punctuality, problem solving, following multiple instructions, and working individually and collectively on projects. Off-site services include opportunities for our individuals to participate in educational community outings and volunteer with other local non-profit agencies.

**Community Support/Habilitation**

Community Support/Habilitation trains individuals to establish and maintain a home, achieve educational and employment goals, access community resources and pursue leisure activities in their community. This service is provided one-on-one in the individual's home and surrounding community.

**Family Outreach and Support**

Includes a Family Support Group, open to individuals who either live or work in Galveston County and have an adult family member with a developmental disability. This program also offers education, referrals, assistance accessing resources and other support as needed.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 1 – Description of the Organization (continued)**

**Supportive Employment**

The company did not renew the contract with Texas Workforce Commission to provide Supportive Employment Services mid-year, since they had staff shortages at times and wanted to utilize staff for their program transition before resuming Supportive Employment (SE) services. Some staff (Hollins/Program Coordinator and Williams/Employment Specialist) took SE courses to maintain their credentials so they can provide services when the program resumes. This program is designed to assist clients seeking employment in the community. The employment specialist identifies employment opportunities, assists with applications and interviews, and provides on-the-job training until the client performs at a work level comparable to his or her non-disabled peers. Support and training are provided for the life of the job.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net Assets with Donor Restrictions** – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or non-recurring nature. Currently, the Organization reports only operating activities.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

The Organization's cash consists of cash on deposit with banks and cash on hand and certificates of deposit. Although certificates of deposit maturing in excess of ninety days from inception are generally not considered to be cash or cash equivalents, any penalties for early withdrawal would not have a material effect on the financial statements.

**Concentrations of Credit Risk**

The Organization maintains its accounts with financial institutions which it believes limits the risk of loss of funds over the insurance limit. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. These deposits may exceed the amount of insurance provided on such deposits at times during the year. The Organization's bank balances at December 31, 2024 and 2023, totaled \$271,797 and \$475,176, respectively. At December 31, 2024, the Organization had an excess deposit of \$21,797 not covered by federal insurance. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

**Pledges and Program Service Fee Receivable**

The Organization records grants, awards, and contributions as revenues when the commitments are made. Program service fees from governmental agencies or sub-recipients of governmental agency funds are recorded as exchange transactions since these funds are dependent upon contract service agreements and are usually based upon monthly requests. Receivables for exchange transactions are recorded as revenues as determined by those amounts receivable at year end.

Pledges receivable is comprised of amounts awarded due from a variety of grantors. The amounts are due within one year of the financial statement date and are believed to be fully collectible.

Program service fees receivable represents amounts due on exchange agreements for which the Organization has performed services. Management believes the amounts are fully collectible.

**Property and Equipment**

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to seven years. The Organization's policy is to capitalize equipment acquired for greater than \$1,500 and expense normal repairs and maintenance as incurred.

**Compensated Absences**

The Organization has not accrued compensated absences, as that amount is considered immaterial.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets release from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**In-kind Donations**

The Organization recognizes contributions of services received if the services (a) create or enhance non-financial assets or (b) require specialized skill, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The contributions of services include occupational therapy services, professional IT services, master gardener consultants, and art teacher for the individualized skills and socialization program. These costs are included in individualized skills and socialization expenses in the statement of activities. Several volunteers have made significant contributions of their time in furtherance of the Organization's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Contributed Nonfinancial Assets**

The organization receive contributions assets recognized within the statement of activities for the years ended December 31, 2024 and 2023:

<b><u>Description</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>Utilization in Program</u></b>	<b><u>Valuation Techniques</u></b>
Individualized Skills & Socialization	\$ 11,944	\$13,391	Utilized within ISS program services	Contributed services from medical health and facility family support session professionals are valued at the estimated fair values based on salary data provided by the donor.
Management and General	\$ 864	\$ -	Utilized within direct aid	Professional services contributed are valued at the average billable rate provided by the donor,
Special event/ fundraisers	\$ 6,950	\$ 6,150	Utilized primarily within fundraising	Items are valued on the basis of comparable product sales
Total	<u>\$ 19,758</u>	<u>\$ 19,541</u>		

Contribution nonfinancial assets reported in the statement of activities were allocated as follows in 2024.

	<b><u>2024</u></b>	<b><u>2023</u></b>
Individualized Skills & Socialization Skill	\$ 11,944	\$ 13,391
Management and General	864	-
Fundraising	6,950	6,150
Total contributed nonfinancial assets	<u>19,758</u>	<u>19,541</u>

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Occupancy expenses are allocated on the basis of square footage. All other expenses are allocated on the basis of estimates of time and effort.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Advertising**

The Organization uses advertising to promote its fundraising events and program services. All advertising is expensed as incurred.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Currently, the Organization files information return Form 990 "Return of Organizations Exempt from Income Tax" with the Internal Revenue Service.

**New Accounting Pronouncement**

Effective January 1, 2022, the Organization has adopted the provisions of FASB ASC Topic 842 (ASU 2016-02), *Leases*. ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the consolidated statement of financial position upon the commencement of all leases, except for those with a lease term of twelve months or less. Leases are classified as either finance leases or operating leases. The Organization has elected to record in its financial statements the effect of FASB ASC 842 as of the beginning of the year of adoption, which is January 1, 2022.

Accordingly, the Organization has recognized the right-of-use-asset and lease liability measured under FASB ASC 842 in its statement of financial position as of the adoption date.

*Leases (Topic 842) Discount Rate for Lessees That Are Not Public Business Entities (ASU-2021-09)*— Topic 842 currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this Update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 3 – Availability of Financial Assets**

The following reflects the Organization's financial assets for the years ended December 31, 2024 and 2023, respectively.

Financial Assets at Year-End:	<b>2024</b>	<b>2023</b>
Cash and Cash Equivalent	\$ 458,994	\$ 475,176
Pledges Receivable	31,179	2,095
Program Service Fees Receivable	124,641	36,708
Total Financial Assets	614,814	513,979
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	(55,592)	(57,718)
Less Net Assets with Purpose Restriction to be Met in Less Than a Year	55,592	57,718
Quasi Endowment Established by the Board	(28,486)	(27,245)
<b>Financial Assets Available to Meet General</b>		
<b>Expenditures Over the Next Twelve Months</b>	<b><u>\$ 586,328</u></b>	<b><u>\$ 486,734</u></b>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

The Organization's goal is generally to maintain financial assets to meet operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments such as certificates of deposit.

**Note 4 – Cash and Cash Equivalents**

Cash and cash equivalents at December 31, 2024, and 2023:

	<b>2024</b>	<b>2023</b>
Unrestricted: Undesignated Cash	\$ 267,043	\$ 390,213
Unrestricted: Board-Designated Endowment CD	28,486	27,245
Restricted for Client Enrichment	4,810	2,879
Restricted for Beautification & Educational Garden Project	-	4,057
Restricted for the capital Improvement	50,782	50,782
<b>Total</b>	<b><u>\$ 351,121</u></b>	<b><u>\$ 475,176</u></b>

Unrestricted cash represents cash available for daily operating expenses as needed. The endowment CD represents cash designated by the Board of Directors and available to the Organization at the Board's discretion. Cash restricted for client enrichment

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 4 – Cash and Cash Equivalents (continued)**

represents the Organization's funds raised by flag service and donations designated for client enrichment. These funds are held in a separate bank account and used specifically for client enrichment activities such as community outings. The Organization maintains cash balances at several financial institutions located in Galveston County.

**Note 5 – Investments and Related Income**

Investment primarily includes assets invested for long-term capital appreciation. All investments are carried out at fair value with the related gains and losses included in the statement of activities.

For the year ending December 31, 2024, the fair value of the investments was \$107,873 respectively.

**Note 6 – Property and Equipment**

Property and equipment consist of the following:

	<u>2024</u>	<u>2023</u>
<b>Property and Equipment</b>		
Building and Improvements	\$ 599,605	\$ 599,605
Furniture and Fixtures	26,261	26,261
Machinery and Equipment	26,207	26,207
Transportation Equipment	148,632	148,632
Less: Accumulated Depreciation	(551,468)	(495,847)
<b>Property and Equipment, net</b>	<b><u>\$ 249,237</u></b>	<b><u>\$ 304,858</u></b>

For the years ended December 31, 2024, and 2023, depreciation expenses totaled \$55,621 and \$44,271, respectively.

**Note 7 – Retirement Contributions**

The Organization has a savings incentive match (SIMPLE IRA) plan for employees. An employee is eligible to participate in the plan after one-year employment. In 2024, a 3% employer contribution was made on salaries. The Organization's total contribution was \$6,066 and \$7,631 as of December 31, 2024, and 2023, respectively.

**Note 8 – Concentrations**

The Organization relies on contributions from a limited number of contributors to fund operations. For the year ended December 31, 2024, approximately 88% of total revenue and other support came from major contributing organizations, including Mainland United Way. Any significant reduction in the contribution level from these organizations could have a severe impact on the operation of the Organization in the near term.



**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2024**

**Note 9 – Net Assets**

Net Assets with donor restrictions were as follows for the year ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Specific Purpose		
Beautification	-	4,057
Capital Improvements PEF	50,782	50,782
Client Enrichment	4,810	2,879
<b>Total</b>	<b><u>55,592</u></b>	<b><u>57,718</u></b>

Net Assets without donor restrictions for the years ended December 31, 2024, and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 777,205	\$ 737,597
Quasi Endowment	28,486	27,245
<b>Total</b>	<b><u>805,691</u></b>	<b><u>764,842</u></b>

**Note 10 – Lease**

The Organization leases facilities and equipment under non-cancellable operating leases, which and recorded as right-of-use assets and lease liabilities. Certain leases also contain escalation clauses calling for increased rents. Where a lease contains an escalation clause, The Organization includes these items in the determination of the right-of-use asset and the lease liabilities. The effects of these escalation clauses have been reflected in lease expense on a straight-line basis over the expected lease term and any variable lease payments subsequent to establishing the lease liability are expensed as incurred. The leases have a remaining term of one month.

Components of lease expense for the years ended December 31, were as follows:

<u>Lease Expense</u>	<u>Statement of Functional Expenses Classification</u>	<u>2024</u>	<u>2023</u>
Operating lease expense	Rental & Maintance of Equipment	\$ 906	\$ 906
Interest on operating lease liabilities	Interest Expense	\$ 6	\$ 15
<b>Total</b>		<b><u>\$ 912</u></b>	<b><u>\$ 921</u></b>

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
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The components of right-of-use assets and lease liabilities on the consolidated statement of financial position are as follows:

<u>Lease Asset and Liabilities</u>	<u>Statement of Financial Position</u> <u>Classification</u>	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets	Operating lease right-of-use asset	\$ 75	\$ 901
Total lease assets, net		<u>\$ 75</u>	<u>\$ 901</u>
Operating lease liabilities- current	Operating lease liabilities	\$ 75	\$ 975
Total lease liabilities		<u>\$ 75</u>	<u>\$ 975</u>

**Note 10 – Lease Commitments (continued)**

The weighted-average remaining lease terms and discount rates as of December 31, were as follows

Operating Leases	<u>2024</u>	<u>2023</u>
Weight_average remaining lease term (in years)	0.08	1.08
Weight_average discount rate	1.04%	1.04%

Supplemental cash flow information related to leases for the years ended December 31, was as follows:

Fiscal Year	<u>Operating leases</u>
2025	<u>\$ 75</u>

**Note 11 – Prior-Period Information**

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

**Note 12 – Subsequent Events**

Management has evaluated subsequent events through December 12, 2025, the date the financial statements were available to be issued.