

# Financial Statements

Sunshine Center, Inc.  
December 31, 2020



**Katherine Overbeck Maxwell, CPA, PLLC**

2200 Market Ste 703

Galveston, TX 77550

409-765-5287 fax 409-765-9644

[www.overbeckmaxwellcpa.com](http://www.overbeckmaxwellcpa.com)

---

---

# **Sunshine Center, Inc.**

## **Table of Contents**

<b>Independent Auditor's Report</b>	<b>1-2</b>
<b>Financial Statements</b>	
<b>Statement of Financial Position</b>	<b>3</b>
<b>Statement of Activities</b>	<b>4</b>
<b>Statement of Functional Expenses</b>	<b>5</b>
<b>Statement of Cash Flows</b>	<b>6</b>
<b>Notes to Financial Statements</b>	<b>7-13</b>



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

---

**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, 2020, 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, 2020, 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

---

**Report on Summarized Comparative Information**

We have previously audited the Sunshine Center, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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  
January 24, 2022

**Sunshine Center, Inc.**  
**Statement of Financial Position**  
**December 31, 2020**  
**(with comparative totals as of December 31, 2019)**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 362,528	\$ 395,579
Pledges Receivable	1,755	295
Program Service Fees Receivable	3,988	6,972
Prepaid Expenses	9,021	7,593
Total Current Assets	377,292	410,439
Property and Equipment, Net	270,458	255,259
<b>Total Assets</b>	<b>\$ 647,750</b>	<b>\$ 665,698</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 22,389	\$ 1,558
Payroll Taxes Liabilities	(108)	(108)
PPP Loan	66,800	-
Total Current Liabilities	89,081	1,450
Net Assets		
Without Donor Restrictions	540,559	606,270
With Donor Restrictions	18,110	57,978
Total Net Assets	558,669	664,248
<b>Total Liabilities and Net Assets</b>	<b>\$ 647,750</b>	<b>\$ 665,698</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, 2020**  
**(with comparative totals as of December 31, 2019)**

	2020			2019
	Without Donor Restriction	With Donor Restriction	Totals	Totals
<b>Revenues and Other Support:</b>				
Contributions and Grants	\$ 186,891	\$ 16,300	\$ 203,191	\$ 198,921
Program Service	59,766	-	59,766	142,647
United Way (Mainland and Galveston)	75,004	-	75,004	75,018
Contributions In-Kind	19,058	-	19,058	30,847
Greenhouse Sales	102	-	102	3,528
Investment Income	229	-	229	285
Other Income	400	-	400	1,177
Special Events	19,524	-	19,524	24,755
Loss on Disposition of Assets	-	-	-	(1,182)
Net Assets Released from Restriction	56,168	(56,168)	-	-
<b>Total Revenue and Other Support</b>	<b>417,142</b>	<b>(39,868)</b>	<b>377,274</b>	<b>475,996</b>
<b>Expenses:</b>				
Program Services				
Day-Habilitation	332,563	-	332,563	352,965
Supportive Employment	22,348	-	22,348	20,869
Community Support	49,086	-	49,086	48,012
Family Support	26,176	-	26,176	24,947
Case Management	-	-	-	-
<b>Total Program Services</b>	<b>430,173</b>	<b>-</b>	<b>430,173</b>	<b>446,793</b>
Support Services				
Management and General	31,076	-	31,076	45,979
Fundraising	21,604	-	21,604	26,087
<b>Total Support Services</b>	<b>52,680</b>	<b>-</b>	<b>52,680</b>	<b>72,066</b>
<b>Total Expenses</b>	<b>482,853</b>	<b>-</b>	<b>482,853</b>	<b>518,859</b>
<b>Changes in Net Assets</b>	<b>(65,711)</b>	<b>(39,868)</b>	<b>(105,579)</b>	<b>(42,863)</b>
<b>Net Assets, Beginning of Year</b>	<b>606,270</b>	<b>57,978</b>	<b>664,248</b>	<b>707,112</b>
<b>Net Assets, End of Year</b>	<b>\$ 540,559</b>	<b>\$ 18,110</b>	<b>\$ 558,669</b>	<b>\$ 664,249</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, 2020  
(with comparative totals as of December 31, 2019)

	2020								2019		
	Day- Habilitation	Supportive Employment	Community Support	Family Support	Case Management	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses	Total Expenses
Salaries	\$ 198,658	\$ 16,769	\$ 35,254	\$ 17,982	\$ -	\$ 268,663	\$ 17,243	\$ 9,849	\$ 27,092	\$ 295,755	\$ 289,148
Payroll Taxes	14,856	1,148	2,403	1,224	-	19,631	1,272	805	2,077	21,708	59,046
Employee Benefits	27,282	3,061	6,438	3,286	-	40,067	3,151	1,801	4,952	45,019	-
Pension Contribution	4,997	561	1,179	602	-	7,339	577	330	907	8,246	7,838
Worker's Compensation	1,862	209	439	224	-	2,734	215	123	338	3,072	2,864
	<u>247,655</u>	<u>21,748</u>	<u>45,713</u>	<u>23,318</u>	<u>-</u>	<u>338,434</u>	<u>22,458</u>	<u>12,908</u>	<u>35,366</u>	<u>373,800</u>	<u>358,896</u>
Accounting	-	-	-	-	-	-	450	-	450	450	15,450
Advertising	-	-	-	-	-	-	-	-	-	-	415
Awards	-	-	-	-	-	-	-	-	-	-	411
Bad Debt	5,408	-	-	-	-	5,408	-	-	-	5,408	4,702
Client Enrichment	1,125	-	-	-	-	1,125	-	-	-	1,125	3,634
Conference and Training	765	153	84	92	-	1,094	413	23	436	1,530	1,297
Contract Labor	-	-	-	-	-	-	-	-	-	-	-
Depreciation	21,978	-	1,374	687	-	24,039	2,747	687	3,434	27,473	24,975
Dues and Subscriptions	800	-	45	45	-	890	18	-	18	908	3,694
Equipment	1,050	13	13	53	-	1,129	131	53	184	1,313	1,757
Insurance	10,427	326	326	326	-	11,405	1,304	326	1,630	13,035	13,431
Miscellaneous	215	-	-	-	-	215	-	234	234	449	1,720
Occupancy	20,850	-	652	1,303	-	22,805	2,606	652	3,258	26,063	31,958
Postage and Delivery	150	-	-	-	-	150	39	136	175	325	548
Printing and Publications	363	-	-	-	-	363	-	274	274	637	661
Professional Fees	6	-	-	-	-	6	250	-	250	256	680
Sales Tax	56	-	-	-	-	56	-	-	-	56	74
Supplies	4,956	27	27	27	-	5,037	323	27	350	5,387	12,560
Telephone	2,272	81	81	325	-	2,759	325	162	487	3,246	3,016
Travel	1,529	-	771	-	-	2,300	12	23	35	2,335	8,131
In-Kind Contributions	12,959	-	-	-	-	12,959	-	6,099	6,099	19,058	30,847
<b>Total Expenses</b>	<b>\$ 332,563</b>	<b>\$ 22,348</b>	<b>\$ 49,086</b>	<b>\$ 26,176</b>	<b>\$ -</b>	<b>\$ 430,173</b>	<b>\$ 31,076</b>	<b>\$ 21,604</b>	<b>\$ 52,680</b>	<b>\$ 482,853</b>	<b>\$ 518,857</b>

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

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020**

**Note 1 – Description of the Organization**

Sunshine Center, Inc. (the Organization) is a private, non-profit organization and an agency of the Mainland United Way and the United Way of Galveston, established in 1953 that provides essential services to developmentally disabled adults. The Organization's revenues are derived primarily through grants, awards, contributions 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 program includes day-habilitation, community and family support, family outreach and support, supportive employment, and case management.

**Day-Habilitation**

This program provides an environment conducive to a variety of specific personal goals. Clients have the opportunity to participate in multiple activities in three areas: the ceramics shop, the greenhouse, or the enrichment center. Day-habilitation provides services to assist in the acquisition, retention, and /or improvement in adaptive skills necessary for continued community living. The Organization's staff works with clients using a horticulture model, a ceramics project, a non-traditional learning center and an occupational therapist enabling them to master additional skills such as decision-making, punctuality, problem solving, following multiple instructions, and working individually and collectively on projects.

**Community Support**

Community Support 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 in the individual's home and surrounding community.

**Family Outreach and Support**

Includes a Family Support Group, open to individuals who live 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.

**Supportive Employment**

This program assists clients who seek 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:



**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020**

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

**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 clinic 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 nonrecurring nature. Currently, the Organization reports only operating activities.

**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, 2020 and 2019, totaled \$362,528 and \$395,579, respectively. At December 31, 2020, the Organization had an excess deposit of \$58,435 not covered by federal insurance. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020**

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

**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 represent 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 cannot be reasonably estimated and is considered immaterial.

**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.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020**

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

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 consultant, art teacher and strategic planning consultant for the day-habilitation program. These costs are included in day-habilitation 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.

**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.

**Advertising**

The Organization uses advertising to promote its fundraising events. 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.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020**

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

**New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Note 3 – Availability of Financial Assets**

The following reflects the Organization’s financial assets for the years ended December 31, 2020 and 2019, respectively .

	<b>2020</b>	<b>2019</b>
Financial assets at year-end:		
Cash and cash equivalent	\$ 362,528	\$ 395,579
Pledges receivable	1,755	295
Program service fees receivable	3,988	6,972
Total financial assets	368,271	402,846
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(18,110)	(57,978)
Less net assets with purpose restriction to be met in less than a year	18,110	57,978
Quasi endowment established by the board	(26,257)	(26,028)
<b>Financial assets available to meet general expenditures over the next twelve months</b>	<b>\$ 342,014</b>	<b>\$ 376,818</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.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020**

**Note 4 – Cash and Cash Equivalents**

Cash and cash equivalents at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Unrestricted: Undesignated Cash	\$ 323,065	\$ 359,148
Unrestricted: Board-Designated Endowment CD	26,257	26,028
Donor Restricted Cash	-	-
Restricted for Client Enrichment	<u>13,206</u>	<u>10,403</u>
<b>Total</b>	<b><u>\$ 362,528</u></b>	<b><u>\$ 395,579</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 represents the organization's scout troop funds and funds raised from the sale of herbs from the greenhouse, ceramics shop or by donations designated for client enrichment. These funds are held in a separate bank account and used specifically for client enrichment activities such as Boy/Girl Scout related activities and community outings. The Organization maintains cash balances at several financial institutions located in Galveston County.

**Note 5 – Property and Equipment**

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
<b>Property and Equipment</b>		
Building and Improvements	\$ 587,950	\$ 546,949
Furniture and Fixtures	27,989	26,319
Machinery and Equipment	17,807	17,807
Transportation Equipment	32,569	32,568
Less: Accumulated Depreciation	<u>(395,857)</u>	<u>(368,384)</u>
<b>Property and Equipment, net</b>	<b><u>\$ 270,458</u></b>	<b><u>\$ 255,259</u></b>

For the years ended December 31, 2020 and 2019, depreciation expense totaled \$27,473 and \$24,975, respectively. There was no property disposed of in 2020.

**Note 6 – Retirement Contributions**

The Organization has a savings incentive match (SIMPLE IRA) plan for employees. An employee is eligible to participate the plan after one-year employment. In 2020, a 3% employer contribution was made on salaries. The Organization's total contribution was \$8,246 and \$7,838 as of December 31, 2020 and 2019, respectively.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2020**

**Note 7 – Concentrations**

The Organization relies on contributions from a limited number of contributors to fund operations. For the year ended December 31, 2020, approximately 72% 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.

**Note 8 – Net Assets**

Net Assets with donor restrictions were as follows for the year ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Specific Purpose		
Program Support Coordinator	\$ -	\$ -
Capital Improvements	4,905	47,575
Client Enrichment	<u>13,205</u>	<u>10,403</u>
<b>Total</b>	<b><u>\$ 18,110</u></b>	<b><u>\$ 57,978</u></b>

Net Assets without donor restrictions for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$514,302	\$580,242
Quasi Endowment	<u>26,257</u>	<u>26,028</u>
<b>Total</b>	<b><u>\$540,559</u></b>	<b><u>\$606,270</u></b>

**Note 9 – Subsequent Events**

Management has evaluated subsequent events through January 24, 2022, the date the financial statements were available to be issued.

**Note 10- COVID-19 Impact**

The organization was forced to close its facility for six months in 2020 due to the coronavirus pandemic. Although its facility was shut down, Sunshine Center still provided socially distance services to clients such as virtual classes, car parades, and outdoor home visits.

The organization received a Payroll Protection Program loan in the amount of \$66,800. It was forgiven in April 2021.