

# Financial Statements

Sunshine Center, Inc.  
December 31, 2023



**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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 03, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Katherine Overbeck Maxwell, CPA, PLLC". The signature is written in a cursive, flowing style.

Katherine Overbeck Maxwell, CPA, PLLC  
Galveston, Texas  
November 22, 2024

**Sunshine Center, Inc.**  
**Statement of Financial Position**  
**December 31, 2023**  
**(with comparative totals as of December 31, 2022)**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 475,176	\$ 275,055
Pledges Receivable	2,095	277,137
Program Service Fees Receivable	36,708	9,162
Prepaid Expenses	12,224	12,732
Total Current Assets	526,203	574,086
Property and Equipment, Net	304,858	225,427
ROU Assets-Operating Leases	975	1,866
<b>Total Assets</b>	<b>\$ 832,036</b>	<b>\$ 801,379</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	8,501	\$ 5,153
Payroll Taxes Liabilities	-	4,908
Operating Lease Liability	75	1,866
Total Current Liabilities	8,576	11,927
Long term Liabilities		
Operating Lease Liability	900	-
Total Long Term Liabilities	900	-
Total Liabilities	9,476	11,927
Net Assets		
Without Donor Restrictions	737,597	651,965
Without Donor Restrictions (Board Designated)	27,245	26,425
With Donor Restrictions	57,718	111,062
Total Net Assets	822,560	789,452
<b>Total Liabilities and Net Assets</b>	<b>\$ 832,036</b>	<b>\$ 801,379</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, 2023**  
(with comparative totals as of December 31, 2022)

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Totals</u>	<u>Totals</u>
<b>Revenues and Other Support:</b>				
Contributions and Grants	\$ 208,501	\$ 109,250	\$ 317,751	\$ 426,264
Program Service	120,314	-	120,314	88,005
United Way (Mainland and Galveston)	57,677	-	57,677	58,943
Contributions In-Kind	19,541	-	19,541	10,283
Sales of Materials	267	-	267	278
Investment Income	821	-	821	59
Other Income	5,090	-	5,090	863
Special Events	41,426	-	41,426	12,566
Loss on Disposition of Assets	(761)	-	(761)	(5,393)
Net Assets Released from Restriction	162,594	(162,594)	-	-
<b>Total Revenue and Other Support</b>	<b>615,470</b>	<b>(53,344)</b>	<b>562,126</b>	<b>591,868</b>
<b>Expenses:</b>				
Program Services				
Individualized Skills and Socialization (ISS)	384,158	-	384,158	337,455
Supportive Employment	1,598	-	1,598	17,123
Community Support	39,400	-	39,400	35,359
Family Support	8,781	-	8,781	23,042
<b>Total Program Services</b>	<b>433,937</b>	<b>-</b>	<b>433,937</b>	<b>412,979</b>
Support Services				
Management and General	66,530	-	66,530	45,973
Fundraising	28,551	-	28,551	28,844
<b>Total Support Services</b>	<b>95,081</b>	<b>-</b>	<b>95,081</b>	<b>74,817</b>
<b>Total Expenses</b>	<b>529,018</b>	<b>-</b>	<b>529,018</b>	<b>487,796</b>
<b>Changes in Net Assets</b>	<b>86,452</b>	<b>(53,344)</b>	<b>33,108</b>	<b>104,072</b>
<b>Net Assets, Beginning of Year</b>	<b>678,390</b>	<b>111,062</b>	<b>789,452</b>	<b>685,380</b>
<b>Net Assets, End of Year</b>	<b>\$ 764,842</b>	<b>\$ 57,718</b>	<b>\$ 822,560</b>	<b>\$ 789,452</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, 2023**  
**(with comparative totals as of December 31, 2022)**

	2023							2022		
	Individualized Skills & Socialization (ISS)	Supportive Employment	Community Support	Family Support	Program Services	Management and General	Fundraising	Support Services	Total Expenses	Total Expenses
Salaries	\$ 211,270	\$ 765	\$ 24,781	\$ 3,832	\$ 240,648	\$ 27,637	\$ 9,345	\$ 36,982	\$ 277,630	\$ 273,403
Payroll Taxes	15,466	104	2,410	519	18,499	5,252	519	5,771	24,270	26,018
Employee Benefits	28,387	226	4,869	377	33,859	2,756	1,132	3,888	37,747	42,682
Pension Contribution	5,063	40	868	67	6,038	491	202	693	6,731	7,645
Worker's Compensation	2,120	142	142	142	2,546	142	142	284	2,830	2,996
	<u>262,306</u>	<u>1,277</u>	<u>33,070</u>	<u>4,937</u>	<u>301,590</u>	<u>36,278</u>	<u>11,340</u>	<u>47,618</u>	<u>349,208</u>	<u>352,744</u>
Accounting	-	-	-	-	-	10,400	-	10,400	10,400	9,829
Awards	80	68	-	-	148	-	100	100	248	56
Bad Debt	1,669	-	2,082	-	3,751	-	-	-	3,751	869
Client Enrichment	1,581	-	-	-	1,581	-	-	-	1,581	1,020
Conference and Training	331	-	411	-	742	100	160	260	1,002	814
Depreciation	33,200	-	1,109	1,107	35,416	6,641	2,214	8,855	44,271	36,339
Dues and Subscriptions	1,574	-	162	-	1,736	231	-	231	1,967	917
Equipment	7,561	47	93	233	7,934	933	467	1,400	9,334	1,304
Insurance	12,455	178	712	445	13,790	2,669	1,334	4,003	17,793	12,700
Miscellaneous	1,082	-	-	-	1,082	147	3,687	3,834	4,916	(1,919)
Occupancy	33,178	-	442	1,769	35,389	6,635	2,212	8,847	44,236	35,287
Postage and Delivery	386	-	-	-	386	140	296	436	822	273
Printing and Publications	1,315	20	20	101	1,456	303	263	566	2,022	1,625
Professional Fees	14	-	-	-	14	1,405	-	1,405	1,419	305
Sales Tax	180	-	-	-	180	-	-	-	180	143
Supplies	8,947	-	-	23	8,970	233	116	349	9,319	6,966
Telephone	2,541	8	33	166	2,748	397	166	563	3,311	3,744
Travel	2,367	-	1,266	-	3,633	18	46	64	3,697	9,107
In-Kind Contributions	13,391	-	-	-	13,391	-	6,150	6,150	19,541	10,283
<b>Total Expenses</b>	<b><u>\$ 384,158</u></b>	<b><u>\$ 1,598</u></b>	<b><u>\$ 39,400</u></b>	<b><u>\$ 8,781</u></b>	<b><u>\$ 433,937</u></b>	<b><u>\$ 66,530</u></b>	<b><u>\$ 28,551</u></b>	<b><u>\$ 95,081</u></b>	<b><u>\$ 529,018</u></b>	<b><u>\$ 482,404</u></b>

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

**Sunshine Center, Inc.**  
**Statement of Cash Flows**  
For the Year Ended December 31, 2023  
(with comparative totals as of December 31, 2022)

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities:</b>		
Changes in Net Assets	\$ 33,108	\$ 104,072
Adjustments to Reconcile Changes in Net Assets to Cash Provided (Used) by Operating Activities		
Depreciation	44,271	36,339
Loss on Disposition of Assets	761	5,393
(Increase) Decrease in Pledges Receivable	275,042	(272,261)
(Increase) Decrease in Program Service Fees Receivable	(27,545)	(8,387)
(Increase) Decrease in Prepaid Expenses	508	(747)
Increase (Decrease) in Accounts Payable	3,348	(29,494)
Increase (Decrease) in Payroll Tax Liabilities	(4,908)	3,255
Increase (Decrease) in Operating Lease Liabilities	-	-
	<b>324,585</b>	<b>(161,830)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of Property and Equipment	(124,464)	-
<b>Net Cash Used by Investing Activities</b>	<b>(124,464)</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>200,121</b>	<b>(161,830)</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>275,055</b>	<b>436,885</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 475,176</b>	<b>\$ 275,055</b>
<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, 2023**

**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.

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

Day Habilitation services were successfully transitioned to Individualized Skills and Socialization (ISS) and a Day Activity Health Service license was obtained for on-site and off-site ISS services. These programs provide 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, 2023**

**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 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.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

**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, 2023 and 2022, totaled \$475,176 and \$275,055, respectively. At December 31, 2023, the Organization had an excess deposit of \$191,832 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 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 is considered immaterial.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

**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 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.

**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

**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, 2023**

**Note 3 – Availability of Financial Assets**

The following reflects the Organization’s financial assets for the years ended December 31, 2023 and 2022, respectively.

Financial Assets at Year-End:	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalent	\$ 475,176	\$ 275,054
Pledges Receivable	2,095	277,137
Program Service Fees Receivable	<u>36,708</u>	<u>9,162</u>
Total Financial Assets	513,979	561,353
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	(57,718)	(111,062)
Less Net Assets with Purpose Restriction to be Met in Less Than a Year	57,718	111,062
Quasi Endowment Established by the Board	(27,245)	(26,425)
<b>Financial Assets Available to Meet General Expenditures Over the Next Twelve Months</b>	<u><u>\$ 486,734</u></u>	<u><u>\$ 534,928</u></u>

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Unrestricted: Undesignated Cash	\$ 390,213	\$ 137,568
Unrestricted: Board-Designated Endowment CD	27,245	26,425
Restricted for Client Enrichment	2,879	5,262
Restricted for Beautification and Educational Garden Project	4,057	100,000
Restricted for the capital Improvement	<u>50,782</u>	<u>5,800</u>
<b>Total</b>	<u><u>\$ 475,177</u></u>	<u><u>\$ 275,055</u></u>

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, 2023**

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

represents the organization’s funds raised from the sale of 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 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:

	<b>2023</b>	<b>2022</b>
<b>Property and Equipment</b>		
Building and Improvements	\$ 599,605	\$ 599,605
Furniture and Fixtures	26,261	30,416
Machinery and Equipment	26,207	17,807
Transportation Equipment	148,632	32,568
Less: Accumulated Depreciation	(495,847)	(454,970)
<b>Property and Equipment, net</b>	<b>\$ 304,858</b>	<b>\$ 225,426</b>

For the years ended December 31, 2023, and 2022, depreciation expenses totaled \$44,271 and \$36,339, respectively. There was A/C disposed in 2023 total cost \$4,155.

**Note 6 – 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 2023, a 3% employer contribution was made on salaries. The Organization’s total contribution was \$6,731 and \$7,645 as of December 31, 2023, and 2022, respectively.

**Note 7 – Concentrations**

The Organization relies on contributions from a limited number of contributors to fund operations. For the year ended December 31, 2023, 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, 2023**

**Note 8 – Net Assets**

Net Assets with donor restrictions were as follows for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Specific Purpose		
Wheelchair-Accessible Van	\$ -	\$ 100,000
Beautification	4,057	-
Capital Improvements PEF	50,782	5,800
Client Enrichment	2,879	5,262
<b>Total</b>	<b><u>57,718</u></b>	<b><u>111,062</u></b>

Net Assets without donor restrictions for the years ended December 31, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 737,597	\$ 651,965
Quasi Endowment	27,245	26,425
<b>Total</b>	<b><u>764,842</u></b>	<b><u>678,390</u></b>

**Note 9 – Lease**

The Association entered into a contract to lease office equipment under a 5-year lease agreement that was renewed January 30, 2020. Lease expense incurred under this lease agreement was \$905.88 during the year ended December 31, 2023.

Right-of-Use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term.

Lease liabilities are initially and subsequently recognized based on the present value of the future lease payments. The Association has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The risk-free rate has been applied to the office rent.



**Sunshine Center, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2023**

**Note 10 – 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, 2022, from which the summarized information was derived.

**Note 11 – Subsequent Events**

Management has evaluated subsequent events through November 22, 2024, the date the financial statements were available to be issued.