

SUNRISE CHILDREN'S FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

**SUNRISE CHILDREN’S FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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Independent Auditor's Report

To the Board of Directors
Sunrise Children's Foundation

Opinion

We have audited the accompanying financial statements of Sunrise Children's Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sunrise Children's Foundation (the "Foundation") as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Ellsworth & Stout, LLC

Las Vegas, Nevada
November 8, 2022

SUNRISE CHILDREN'S FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,000,380	\$ 4,879,639
Grants receivable	1,614,011	989,586
Inventory	37,990	15,022
Prepaid expenses	112,515	65,477
Total current assets	<u>6,764,896</u>	<u>5,949,724</u>
Property and Equipment, net	820,699	1,198,291
Other Assets:		
Refundable deposits	<u>75,016</u>	<u>75,016</u>
Total Assets	<u><u>\$ 7,660,611</u></u>	<u><u>\$ 7,223,031</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 161,064	\$ 14,087
Accrued expenses	<u>559,072</u>	<u>474,812</u>
Total current liabilities	<u>720,136</u>	<u>488,899</u>
Net Assets:		
Without donor restrictions	5,919,224	5,436,134
With donor restrictions	<u>1,021,251</u>	<u>1,297,998</u>
	<u>6,940,475</u>	<u>6,734,132</u>
Total Liabilities and Net Assets	<u><u>\$ 7,660,611</u></u>	<u><u>\$ 7,223,031</u></u>

See accompanying notes to the financial statements.

SUNRISE CHILDREN'S FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Net Assets without Donor Restrictions		
Revenue and other support:		
Grant income	\$ 10,100,532	\$ 11,253,291
Contributions	35,235	25,056
In-kind donations	639,765	546,927
Interest income	4,358	3,132
Other income	4,898	583
Net assets released from donor restrictions	475,120	311,734
	<u>11,259,908</u>	<u>12,140,723</u>
Expenses:		
Program services	9,757,216	11,359,466
Supporting Services:		
Management and general	743,989	630,146
Fundraising	3,842	1,530
	<u>10,505,047</u>	<u>11,991,142</u>
Other increase (decrease):		
Loss on disposal of property and equipment	(271,771)	-
Increase in net assets without donor restrictions	<u>483,090</u>	<u>149,581</u>
Net Assets with Donor Restrictions		
Grant income	198,373	150,499
Net assets released from donor restrictions	(475,120)	(311,734)
Decrease in net assets with donor restrictions	<u>(276,747)</u>	<u>(161,235)</u>
Increase (Decrease) in Net Assets	206,343	(11,654)
Net Assets, Beginning of Year	<u>6,734,132</u>	<u>6,745,786</u>
Net Assets, End of Year	<u><u>\$ 6,940,475</u></u>	<u><u>\$ 6,734,132</u></u>

See accompanying notes to the financial statements.

SUNRISE CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program	Management and General	Fundraising	Total
Advertising	\$ -	\$ 863	\$ -	\$ 863
Automobile expenses	30,014	567	-	30,581
Bad debt	4,000	-	-	4,000
Bank charges	-	486	-	486
Depreciation	176,424	-	-	176,424
Dues and subscriptions	50,169	9,482	-	59,651
Education expenses	33,522	1,679	1,977	37,178
Fees and certifications	69,786	13,790	-	83,576
Insurance	688,812	95,760	-	784,572
Meals and entertainment	21	325	-	346
Miscellaneous	8,209	3,964	178	12,351
Occupancy	1,616,623	57,829	1,025	1,675,477
Office expenses	170,699	27,848	281	198,828
Professional fees	57,581	23,847	2	81,430
Program expenses	1,185,615	-	-	1,185,615
Repairs and maintenance	114,223	18,151	9	132,383
Salaries, taxes and related expenses	5,410,058	486,710	336	5,897,104
Travel	9,148	-	-	9,148
Utilities	132,312	2,688	34	135,034
	<u>\$ 9,757,216</u>	<u>\$ 743,989</u>	<u>\$ 3,842</u>	<u>\$ 10,505,047</u>

See accompanying notes to the financial statements.

SUNRISE CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program	Management and General	Fundraising	Total
Advertising	\$ -	\$ 179	\$ -	\$ 179
Automobile expenses	31,856	2,773	-	34,629
Bank charges	-	738	-	738
Depreciation	227,337	8,216	-	235,553
Dues and subscriptions	19,837	15,059	-	34,896
Education expenses	94,478	-	50	94,528
Fees and certifications	40,536	20,805	-	61,341
Insurance	843,888	-	38	843,926
Meals and entertainment	-	1,096	-	1,096
Miscellaneous	2,926	11,537	234	14,697
Occupancy	1,515,685	53,517	949	1,570,151
Office expenses	292,224	13,034	195	305,453
Professional fees	73,272	51,181	8	124,461
Program expenses	1,300,252	-	-	1,300,252
Repairs and maintenance	123,005	17,231	-	140,236
Salaries, taxes and related expenses	6,656,248	433,743	15	7,090,006
Travel	1,131	-	-	1,131
Utilities	136,791	1,037	41	137,869
	<u>\$ 11,359,466</u>	<u>\$ 630,146</u>	<u>\$ 1,530</u>	<u>\$ 11,991,142</u>

See accompanying notes to the financial statements.

SUNRISE CHILDREN'S FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 206,343	\$ (11,654)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Bad debt	4,000	-
Depreciation	176,424	235,553
Loss on disposal of property and equipment	271,771	-
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	(628,425)	287,029
(Increase) decrease in inventory	(22,968)	(10,145)
(Increase) decrease in prepaid expenses	(47,038)	(3,912)
Increase (decrease) in accounts payable	146,977	(20,587)
Increase (decrease) in accrued expenses	84,260	8,069
Net cash provided by operating activities	191,344	484,353
Cash Flows from Investing Activities		
Purchase of property and equipment	(70,603)	(76,821)
Net Change in Cash and Cash Equivalents	120,741	407,532
Cash and Cash Equivalents, Beginning of Year	4,879,639	4,472,107
Cash and Cash Equivalents, End of Year	\$ 5,000,380	\$ 4,879,639

See accompanying notes to the financial statements.

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Sunrise Children's Foundation (the "Foundation") is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Foundation is a nonprofit organization, serving residents of Clark County, Nevada. The Foundation is dedicated to helping children fulfill their potential of safe, healthy and educated lives. The majority of revenue is obtained through government grants, fees and reimbursements. The activities of the Foundation are described below:

Early Head Start (EHS) – recognizes the importance of the development that occurs in the first three years of life and actively works in partnership with families and community to promote the healthy growth and development of children from low-income families.

Women, Infants and Children (WIC) – is a federally funded program operated by the Nevada State Health Division. The Foundation currently operates five WIC clinics throughout Clark County. The clinics provide a supplemental nutrition program for women, infants and children.

Home Instruction Program for Preschool Youngsters (HIPPY) – is a parent involvement, school readiness program that helps parents prepare their preschool age children for success in school and beyond.

Maternal and Infant Early Childhood Home Visiting (MIECHV) – targets at-risk communities through two evidence-based home visiting programs that support healthy child development and ensures the safety of young children from birth to five years of age as well as family members.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Foundation presents a classified statement of financial position with additional qualitative information about availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Foundation is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid investments available for current use within an original maturity of three months or less to be cash equivalents.

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions, which at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Accounts and Grants Receivable

Accounts receivable consist primarily of patient receivables that represent amounts due but not received at the closing date of the fiscal year from individuals, Medicaid, and private insurance companies for services provided. Receivables are stated at net realizable value. Management closely monitors outstanding balances and determines whether certain accounts should be written off during the year.

Grants receivable are recorded at the amount the Foundation expects to collect on the balances outstanding. Management closely monitors outstanding balances and determines whether certain accounts should be written off during the year. As of June 30, 2022 and 2021, no allowance for doubtful accounts was deemed necessary.

Inventory

Inventory, which consists of program supplies held in storage and not yet placed in service, is valued at the lower of cost or market value. Donated items are recorded at estimated fair value at the date of donation.

Property and Equipment

The Foundation capitalizes all significant expenditures for property and equipment at cost. The threshold for capitalization is \$5,000. Property and equipment that are contributed to the Foundation are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between five to fifteen years. Due to grant restrictions, the Foundation may be required to obtain prior approval before disposing of any material fixed assets that have been purchased with grant funds.

Revenue Recognition

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

Contributions may be considered conditional or non-conditional. A conditional contribution exists if a) one or more barriers exist and b) the right to receive or retain payment or delivery of the promised asset depends on meeting those barriers. In cases of ambiguous donor stipulations, stipulations that are not clearly unconditional are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Non-conditional contributions are recognized when received or right to receive is obtained through documentation.

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. For the years ending June 30, 2022 and 2021, all exchange grant revenue was recognized at a point in time when services were performed.

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Foundation has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded. Donated professional services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased if not provided by donation.

As of June 30, the Foundation recognized the following in-kind donations:

	<u>2022</u>	<u>2021</u>
Equipment and supplies	\$ 32,499	\$ 1,885
Free use of facilities	591,302	501,356
Professional services	<u>15,964</u>	<u>43,686</u>
	<u>\$ 639,765</u>	<u>\$ 546,927</u>

Unpaid volunteers have donated their time to the Foundation's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated using a time study that is performed by management on the basis of estimates of time and effort, except for the expenses labeled bank charges, fundraising, and program expenses that are direct expenses.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021 was \$863 and \$179, respectively.

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

In October 1994, the Foundation received notification from the Internal Revenue Service that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Foundation is no longer subject to potential U.S. federal income tax examinations by tax authorities for fiscal years before June 30, 2019.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which, among other things, requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. When effective, the ASU will supersede FASB ASC 840, Leases, and add Topic 842, Leases, to the FASB ASC. The ASU is effective for most nonprofit organizations for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. In addition to replacing FASB ASC 840 with FASB ASC 842, the ASU amends and supersedes other Topics throughout the FASB ASC. Management has not yet evaluated the effects of this standard on the Foundation's financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of June 30, 2022, the Foundation has \$6,600,333 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$4,986,322 and grants receivable of \$1,614,011. Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2022	2021
Computer equipment	\$ 224,405	\$ 224,405
Furniture and fixtures	52,751	52,751
Leasehold improvements	1,509,098	1,913,434
Playground equipment	374,342	346,764
Program service equipment	6,544	6,544
Vehicles	210,044	210,044
	2,377,184	2,753,942
Less: accumulated depreciation	(1,556,485)	(1,555,651)
	<u>\$ 820,699</u>	<u>\$ 1,198,291</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$176,424 and \$235,553, respectively.

NOTE 4 – LEASE AGREEMENTS

The Foundation has multiple non-cancelable operating leases for EHS, WIC and administrative locations ranging from one to twelve years in length and expiring at various times through February 2026, with monthly rent ranging from \$744 to \$21,119 per month. Payments related to optional lease extensions are not included in future minimum lease payments until terms have been agreed to.

Future minimum lease payments are as follows for the years ending June 30:

2023	\$ 470,992
2024	377,534
2025	232,571
2026	27,016
	<u>\$ 1,108,113</u>

Total rent expense for the years ended June 30, 2022 and 2021 was \$1,439,125 and \$1,376,103, respectively, and is included in the caption "Occupancy" on the accompanying statements of functional expenses.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Foundation is at times involved in disputes that relate to routine matters incidental to its business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, results of operations or cash flows.

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 6 – CONCENTRATIONS

For the years ended June 30, 2022 and 2021, approximately 84% and 88%, respectively, of the Foundation's revenue was derived from two federal grants for the EHS and WIC programs. The current level of the Foundation's operations and program services could be impacted, or segments discontinued if funding for these programs was not renewed. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

NOTE 7 – RETIREMENT PLAN

The Foundation has a defined contribution plan (the Plan) available to all employees who meet eligibility requirements. Employees become a participant in the Plan on the first day of the month following the completion of the eligibility requirements. Through payroll deduction, plan participants contribute elective deferrals up to the maximum amount allowed by law and the Plan. The Foundation can make matching and nonelective contributions to the Plan although they are not required to do so.

NOTE 8 – NET ASSETS

Net Assets without Donor Restrictions

As of June 30, 2022 and 2021, there were no governing board designations.

Net Assets with Donor Restrictions

The Foundation has received restricted funds in support of various programs. If the Foundation ceases to operate the federally supported programs, and the assets purchased with monies from grantors, would be given to the succeeding organization.

Net assets with donor restrictions were available for the following purposes as of June 30:

	2022	2021
Early Head Start	\$ 786,619	\$ 1,045,870
Women, Infants and Children	227,282	245,686
MIECHV	7,350	6,442
	<u>\$ 1,021,251</u>	<u>\$ 1,297,998</u>

Net assets with donor restrictions consisted of the following as of June 30:

	2022	2021
Cash	\$ 14,058	\$ 4,212
Inventory	37,990	15,022
Prepaid expenses	80,473	12,442
Property and equipment	820,699	1,198,291
Deposits	68,031	68,031
	<u>\$ 1,021,251</u>	<u>\$ 1,297,998</u>

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 8, 2022, which is the date the financial statements were available to be issued.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Sunrise Children's Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sunrise Children's Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Sunrise Children's Foundation's (the "Foundation") internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellsworth & Stout, LLC

Las Vegas, Nevada
November 8, 2022



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Acuity Financial Center
7881 W. Charleston Blvd., Ste. 155 • Las Vegas, NV 89117
p 702-871-2727 f 702-876-0040
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Sunrise Children's Foundation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sunrise Children's Foundation's (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Sunrise Children's Foundation's (the "Foundation") major federal programs for the year ended June 30, 2022. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.



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In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ellsworth & Stout, LLC

Las Vegas, Nevada
November 8, 2022

SUNRISE CHILDREN'S FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services				
Early Head Start	93.600		\$ -	\$ 6,904,970
COVID-19 Early Head Start	93.600		-	208,460
Total Head Start Cluster			-	7,113,430
Passed through the State of Nevada Depart. of HHS Division of Public and Behavioral Health:				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	HD 17763 SG 25342 SG 25372	-	337,838
Maternal and Child Health Services Block Grant	93.994	HD 17884 SG 25210	-	35,000
U.S. Department of Agriculture				
Passed through the State of Nevada Depart. of HHS Division of Public and Behavioral Health:				
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	HD 17747 SG 25320	-	1,980,522
Special Supplemental Nutrition Program for Women, Infants and Children (WIC) (Breastfeeding)	10.557	HD 17731 SG 25305	-	97,133
Total CFDA 10.557			-	2,077,655
Passed through the Nevada Department of Agriculture:				
Child and Adult Care Food Program (CACFP)	10.558	7NV300AG3	-	96,799
COVID-19 Child and Adult Care Food Program (CACFP)			-	38,312
Total CFDA 10.558	10.558	550AGR00094075	-	135,111
Total Expenditures of Federal Awards			\$ -	\$ 9,699,034

See accompanying notes to the schedule of expenditures of federal awards.

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sunrise Children's Foundation (the "Foundation") under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The Foundation has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

SUNRISE CHILDREN'S FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Significant deficiencies identified?

_____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?

_____ yes x no

Significant deficiencies identified?

_____ yes x none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes x no

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster:

10.557

Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee?

 x yes _____ no

SUNRISE CHILDREN'S FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

**SCHEDULE OF PRIOR FINDINGS AND
QUESTIONED COSTS**

**SUNRISE CHILDREN'S FOUNDATION
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.