

SUNRISE CHILDREN'S FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024



**SUNRISE CHILDREN’S FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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Independent Auditor's Report

To the Board of Directors of
Sunrise Children's Foundation

Report on the Audit of the Financial Statements

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, 2025 and 2024, 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, 2025 and 2024, 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 opinion.

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 February 10, 2026, 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
February 10, 2026

SUNRISE CHILDREN'S FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,419,177	\$ 7,757,589
Grants receivable	2,010,115	1,609,501
Inventory	39,012	35,860
Prepaid expenses	82,726	62,274
Total current assets	<u>10,551,030</u>	<u>9,465,224</u>
Property and Equipment, net	<u>2,306,132</u>	<u>1,186,189</u>
Other Assets:		
ROU asset for operating leases, net	977,308	1,310,578
Refundable deposits	75,016	75,016
Total other assets	<u>1,052,324</u>	<u>1,385,594</u>
Total Assets	<u>\$ 13,909,486</u>	<u>\$ 12,037,007</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 45,542	\$ 116,357
Accrued expenses	627,392	583,131
Current operating lease liability	389,201	593,222
Total current liabilities	<u>1,062,135</u>	<u>1,292,710</u>
Long-Term Liabilities:		
Liability for operating leases, net	<u>600,855</u>	<u>728,377</u>
Total Liabilities	<u>1,662,990</u>	<u>2,021,087</u>
Net Assets:		
Without donor restrictions	9,756,196	8,638,301
With donor restrictions	2,490,300	1,377,619
	<u>12,246,496</u>	<u>10,015,920</u>
Total Liabilities and Net Assets	<u>\$ 13,909,486</u>	<u>\$ 12,037,007</u>

See accompanying notes to the financial statements.

SUNRISE CHILDREN'S FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Net Assets without Donor Restrictions		
Revenue and other support:		
Grant income	\$ 15,447,509	\$ 13,751,457
Contributions	62,669	16,933
In-kind donations	840,215	710,990
Net assets released from donor restrictions	297,756	165,891
	<u>16,648,149</u>	<u>14,645,271</u>
Expenses:		
Program services	14,811,609	12,524,834
Supporting Services:		
Management and general	950,980	803,548
Fundraising	29,821	15,902
	<u>15,792,410</u>	<u>13,344,284</u>
Other income:		
Gain on disposal of property and equipment	-	1,346
Interest income	238,993	102,962
Other income	23,163	6,021
	<u>262,156</u>	<u>110,329</u>
Increase in net assets without donor restrictions	<u>1,117,895</u>	<u>1,411,316</u>
Net Assets with Donor Restrictions		
Grant income	1,410,437	453,025
Contributions	-	10,000
Net assets released from donor restrictions	(297,756)	(165,891)
Increase in net assets with donor restrictions	<u>1,112,681</u>	<u>297,134</u>
Increase in Net Assets	2,230,576	1,708,450
Net Assets, Beginning of Year	<u>10,015,920</u>	<u>8,307,470</u>
Net Assets, End of Year	<u>\$ 12,246,496</u>	<u>\$ 10,015,920</u>

See accompanying notes to the financial statements.

SUNRISE CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program	Management and General	Fundraising	Total
Advertising	\$ 2,314	\$ 5,942	\$ -	\$ 8,256
Automobile expenses	60,861	3,723	-	64,584
Bank charges	-	2,611	-	2,611
Bad debt expense	-	103,594	-	103,594
Depreciation	244,549	6,932	-	251,481
Dues and subscriptions	26,859	6,911	1,699	35,469
Education expenses	72,962	70	115	73,147
Fees and certifications	74,717	6,255	340	81,312
Fundraising	-	-	11,950	11,950
Insurance	905,388	81,641	-	987,029
Occupancy	1,635,073	66,456	1,104	1,702,633
Office expenses	286,636	54,073	5,491	346,200
Professional fees	517,881	37,575	458	555,914
Program expenses	2,832,450	-	-	2,832,450
Repairs and maintenance	295,198	24,653	12	319,863
Salaries and related expenses	7,551,228	533,126	7,801	8,092,155
Travel	146,248	15,610	783	162,641
Utilities	159,245	1,808	68	161,121
	<u>\$ 14,811,609</u>	<u>\$ 950,980</u>	<u>\$ 29,821</u>	<u>\$ 15,792,410</u>

See accompanying notes to the financial statements.

SUNRISE CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program	Management and General	Fundraising	Total
Advertising	\$ 3,228	\$ 774	\$ -	\$ 4,002
Automobile expenses	66,527	275	-	66,802
Bank charges	-	695	10	705
Depreciation	150,096	-	-	150,096
Dues and subscriptions	82,152	10,649	-	92,801
Education expenses	44,557	3,744	906	49,207
Fees and certifications	97,491	16,324	-	113,815
Fundraising	-	-	1,577	1,577
Insurance	643,286	139,084	-	782,370
Miscellaneous	24,030	13,138	651	37,819
Occupancy	1,548,254	62,669	1,093	1,612,016
Office expenses	321,201	25,506	9,390	356,097
Professional fees	357,720	14,333	2	372,055
Program expenses	1,614,012	-	-	1,614,012
Repairs and maintenance	367,234	21,952	5	389,191
Salaries and related expenses	6,971,149	487,240	551	7,458,940
Travel	75,396	2,596	1,682	79,674
Utilities	158,501	4,569	35	163,105
	<u>\$ 12,524,834</u>	<u>\$ 803,548</u>	<u>\$ 15,902</u>	<u>\$ 13,344,284</u>

See accompanying notes to the financial statements.

**SUNRISE CHILDREN'S FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 2,230,576	\$ 1,708,450
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Bad debt expense	103,594	-
Depreciation	251,481	150,096
Gain on disposal of property and equipment	-	(1,346)
Lease accretion	1,727	6,495
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	(504,208)	45,034
(Increase) decrease in inventory	(3,152)	(18)
(Increase) decrease in prepaid expenses	(20,452)	30,090
Increase (decrease) in accounts payable	(70,815)	113,500
Increase (decrease) in accrued expenses	44,261	115,132
Net cash provided by operating activities	<u>2,033,012</u>	<u>2,152,716</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,371,424)	(420,751)
Net cash used in investing activities	<u>(1,371,424)</u>	<u>(420,751)</u>
Net Change in Cash and Cash Equivalents	661,588	1,731,965
Cash and Cash Equivalents, Beginning of Year	<u>7,757,589</u>	<u>6,025,624</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,419,177</u>	<u>\$ 7,757,589</u>

See accompanying notes to the financial statements.

SUNRISE CHILDREN’S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 Foundation

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 from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Grants Receivable

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, 2025 and 2024, 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 and net realizable value. Donated items are recorded at estimated fair value at the date of donation.

Property and Equipment

The Foundation capitalizes all significant expenditures on property and equipment at cost. The threshold for capitalization is \$10,000. 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 three and 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 as net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

SUNRISE CHILDREN’S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions may be considered conditional or unconditional. A conditional contribution exists if both a) one or more barriers exist and b) the right of return to the contributor for assets transferred (or a right of release of the promisor from its obligation) depends on overcoming the stated barriers before a recipient is entitled to the assets transferred or promised. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional, contributions are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Unconditional contributions are recognized when received or when the right to receive is obtained through documentation.

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 ended June 30, 2025 and 2024, 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 fair 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 long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. 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. The Foundation recognized the following in-kind donations during the years ended June 30:

	<u>2025</u>	<u>2024</u>
Donated use of facilities	\$ 496,763	\$ 496,613
Equipment and supplies	48,104	4,621
Professional services	<u>295,348</u>	<u>209,756</u>
	<u>\$ 840,215</u>	<u>\$ 710,990</u>

The donated use of facilities is calculated based on the fair market rental value of the space used for program activities or services, which is determined by a third-party appraisal company. Donated use of facilities are reported within occupancy grouping on the statement of functional expenses. The amounts allocated by function are \$489,412 to program, \$7,220 to management and general, and \$130 to fundraising.

All donated equipment and supplies are included in program expenses and are fully allocated to direct program services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services (Continued)

Donated professional services includes \$209,568 of overtime incurred to support the EHS program that addressed program demands and staff shortages. Wages are calculated using each employee's standard pay rate. Other professional services in the amount of \$85,780 are valued at their fair market rate (the amount the Foundation would have otherwise paid). Donated services are reported within professional fees on the statement of functional expenses. The amounts allocated by function are \$293,922 to program, \$978 to management and general, and \$448 to fundraising.

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. Expenses are allocated using a time study, which is performed by management based on their estimates of time and effort, except for expenses that are considered direct expenses.

Advertising

Advertising costs are expensed as incurred.

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 income tax examinations by tax authorities for years for which the statute of limitations has expired.

Leases

The Foundation has elected to apply the portfolio approach to account for Right-of-Use ("ROU") assets and liabilities, where applicable.

The Foundation has elected the practical expedient that does not require the Foundation to separate lease and non-lease components for its leases.

The Foundation has elected to use the risk-free rate as the discount rate for its operating and finance leases.

SUNRISE CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Foundation has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise, are not recorded on the statement of financial position.

The Foundation leases various office space to support major programs. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

ROU assets represent the Foundation's right to use an underlying asset for the lease term, and lease liabilities represent the Foundation's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term using the applicable rate. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise the option. For the year ended June 30, 2025, lease commencements from lease extensions exercised, resulted in an increase in operating lease ROU assets of \$316,514 and an increase in operating lease liabilities of \$316,514.

None of the Foundation's leases contain provisions for variable rent payments, material residual value agreements, or ratios that must be maintained.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of June 30, 2025, the Foundation has \$10,402,669 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 \$8,392,554 and grants receivable of \$2,010,115.

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, 2025 AND 2024

NOTE 3 – PROPERTY AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Non depreciable:		
Construction in progress	\$ 1,052,276	\$ -
Depreciable:		
Computer equipment	257,581	226,105
Furniture and fixtures	52,751	52,751
Leasehold improvements	1,795,432	1,679,317
Playground equipment	475,095	434,539
Program service equipment	6,544	6,544
Vehicles	548,165	417,165
	<u>4,187,844</u>	<u>2,816,421</u>
Less: accumulated depreciation	<u>(1,881,712)</u>	<u>(1,630,232)</u>
	<u>\$ 2,306,132</u>	<u>\$ 1,186,189</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$251,481 and \$150,096, respectively.

NOTE 4 – LEASING ACTIVITIES

As of June 30, 2025, the following summarizes the line items in the statement of financial position which include amounts for operating leases:

ROU asset for operating leases	<u>\$ 977,308</u>
Current operating lease liability	\$ 389,201
Long-term liability for operating leases	<u>600,855</u>
	<u>\$ 990,056</u>

As of June 30, 2025, the following summarizes the weighted average remaining lease term and discount rate:

Weighted Average Remaining Lease Term	4.07 years
Weighted Average Discount Rate	5.25%

SUNRISE CHILDREN’S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

NOTE 4 – LEASING ACTIVITIES (Continued)

As of June 30, 2025, the maturities of lease liabilities were as follows:

2026	\$ 420,353
2027	228,217
2028	126,408
2029	88,833
2030	32,939
Thereafter	216,114
Total lease payments	<u>1,112,864</u>
Less interest	<u>(122,808)</u>
Present value of lease liabilities	<u><u>\$ 990,056</u></u>

For the year ended June 30, 2025, the following summarizes the line items in the statement of activities which include the components of lease expense:

Lease Costs (included in occupancy expense):

Operating lease cost	\$ 686,544
Donated use of facilities (See Note 1)	496,763
Common area maintenance	147,989
Short-term lease cost	172,427
Total lease costs	<u><u>\$ 1,503,723</u></u>

NOTE 5 – CONCENTRATIONS

For the years ended June 30, 2025 and 2024, approximately 85% and 81%, respectively, of the Foundation’s revenue was derived from two federal grantors for the EHS, MIECHV, 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 6 – 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. Matching contributions for the years ended June 30, 2025 and 2024 were \$59,004 and \$43,837, respectively.

SUNRISE CHILDREN’S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025 AND 2024

NOTE 7 – 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 held for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose and/or passage of time:		
Early Head Start	\$ 2,258,230	\$ 1,143,645
Women, Infants and Children	219,281	210,663
MIECHV	12,563	13,067
HIPPI	226	244
GALA	-	10,000
	<u>\$ 2,490,300</u>	<u>\$ 1,377,619</u>

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

	<u>2025</u>	<u>2024</u>
Cash	\$ 26,623	\$ 37,436
Inventory	39,012	35,860
Prepaid expenses	52,251	52,252
Property and equipment	2,304,383	1,184,040
Refundable deposits	68,031	68,031
	<u>\$ 2,490,300</u>	<u>\$ 1,377,619</u>

NOTE 8 – 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.

NOTE 9 – SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events through February 10, 2026, which is the date the financial statements were available to be issued. No events were identified that would require disclosure.

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, 2025 and 2024, 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 February 10, 2026.

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-001.



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The Foundation's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellsworth & Stout, LLC

Las Vegas, Nevada
February 10, 2026

**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, 2025. 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, 2025.

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.



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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.

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
February 10, 2026

**SUNRISE CHILDREN'S FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL ASSITANCE LISTING NUMBER ("ALN")	PASS- THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUB- RECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. Department of Agriculture				
Passed through the State of Nevada Dept. of HHS Division of Public and Behavioral Health:				
Special Supplemental Nutrition Program for Women, Infants and Children ("WIC")	10.557	SG-2024-00017 SG-2025-00717	\$ -	\$ 2,249,440
Passed through the Nevada Department of Agriculture:				
Child and Adult Care Food Program ("CACFP")	10.558	7NV300AG3	-	218,835
U.S. Department of Housing and Urban Development				
Passed through the City of Henderson:				
Community Development Block Grants/Entitlement Grants	14.218	G25DB	-	46,390
Passed through the City of Las Vegas:				
Community Development Block Grants/Entitlement Grants	14.218		-	57,055
Total ALN 14.218			-	103,446
U.S. Department of Health and Human Services				
Early Head Start	93.600		-	12,062,327
Total Head Start Cluster			-	12,062,327
Passed through the State of Nevada Dept. of HHS Division of Public and Behavioral Health:				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	SG 25665 SG 26396 SG-2025-007770	-	711,972
Total Expenditures of Federal Awards			\$ -	\$ 15,346,019

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, 2025**

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, 2025. 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 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, 2025**

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?	<u> </u> yes	<u> x </u> no
Significant deficiencies identified?	<u> x </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no

Federal Awards

Internal control over major federal programs:		
Material weaknesses identified?	<u> </u> yes	<u> x </u> no
Significant deficiencies identified?	<u> </u> yes	<u> x </u> 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)?	<u> </u> yes	<u> x </u> no

Identification of major federal programs:

<u>ALN</u>	<u>Name of Federal Program or Cluster:</u>
93.600	Early Head Start
93.870	Maternal, Infant and Early Childhood Home Visiting Grant

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

Auditee qualified as a low-risk auditee?	<u> x </u> yes	<u> </u> no
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**SUNRISE CHILDREN'S FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings

Finding:	2025-001
Criteria:	Generally accepted accounting principles (“GAAP”) require accounts receivable to be stated at their net realizable value, which includes the timely identification and write-off of uncollectible amounts. In addition, revenue should be recognized in the proper accounting period when it is earned and realizable or measurable, including the recognition of receivables for earned grant revenue when amounts can be reasonably estimated.
Condition:	The Foundation did not identify errors during their annual review of the accounts receivable aging report at year end. As a result, certain uncollectible balances remained recorded in accounts receivable. Additionally, for certain grants received after year end, the Foundation did not record the related accounts receivable or revenue because management was uncertain of the amounts to be received at year end. Adjusting journal entries were required to correct the financial statements, including the schedule of expenditures of federal awards.
Cause:	The Foundation’s financial close and reporting process was not sufficient to recognize revenue in the proper period.
Effect:	Accounts receivable and revenue was misstated due to the inclusion of uncollectible balances and the omission of receivables and revenue for certain grants earned prior to year end.
Recommendation:	We recommend that management implement a formal year-end review process over the accounts receivable aging report to identify aged or potentially uncollectible balances for write-off or adjustment. Management should also ensure that grant revenues earned prior to year end are evaluated and recorded in the proper accounting period once amounts are known or can be reasonably estimated.
View of responsible officials:	Management agrees with this recommendation. See auditee prepared corrective plan for details