

**SUNSHINE ON A RANNEY DAY INCORPORATED**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**Year Ended December 31, 2020  
(With Comparative Totals for 2019)**

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*Santi & Associates, PC*  
Certified Public Accountants

**Independent Auditor's Report**

To the Board of Directors of  
Sunshine on a Ranney Day Incorporated  
Roswell, Georgia

We have audited the accompanying financial statements of Sunshine on a Ranney Day Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunshine on a Ranney Day Incorporated as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Sunshine on a Ranney Day Incorporated's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to read "Santi & Associates, PC".

Alpharetta, Georgia  
June 21, 2021

SUNSHINE ON A RANNEY DAY INCORPORATED

STATEMENT OF FINANCIAL POSITION

December 31, 2020  
(With Comparative Totals of 2019)

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	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 182,619	\$ 301,114
Note receivable	-	4,800
Contributions receivable	-	18,180
Nongovernmental grants receivable	-	35,000
Sunny & Ranney inventory	19,950	-
Prepaid expenses	1,800	-
	<hr/>	<hr/>
Total current assets	204,369	359,094
	<hr/>	<hr/>
<b>Property and Equipment</b>		
Property and equipment, net	234,907	14,629
	<hr/>	<hr/>
<b>Other Assets</b>		
Deposits	2,490	2,490
	<hr/>	<hr/>
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<b>Assets</b>	<b>\$ 441,766</b>	<b>\$ 376,213</b>

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The accompanying notes are an integral part of these financial statements.

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**Liabilities and Net Assets**

	<u>2020</u>	<u>2019</u>
<b>Current Liabilities</b>		
Paycheck Protection Program (PPP) loan	\$ 75,500	\$ -
Accounts payable	39,961	17,168
Other payable	15,267	-
Sublessee prepaid rent	<u>1,000</u>	<u>-</u>
Total current liabilities	<u>131,728</u>	<u>17,168</u>
<b>Net Assets</b>		
Without donor restrictions	310,038	359,045
With donor restrictions	<u>-</u>	<u>-</u>
	<u>310,038</u>	<u>359,045</u>

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<b>Liabilities and Net Assets</b>	<b>\$ 441,766</b>	<b>\$ 376,213</b>
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SUNSHINE ON A RANNEY DAY INCORPORATED

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020  
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Revenues, Grants, and Other Support</b>				
Contributions	\$ 269,831	\$ -	\$ 269,831	\$ 275,579
Nongovernmental grants	216,625	-	216,625	251,950
Special events revenue	-	-	-	557,675
Less: cost of direct benefits to donors	-	-	-	(113,234)
Net revenue from special events	-	-	-	444,441
Sunny & Ranney, net revenue	56,695	-	56,695	-
In-kind contributions	527,265	-	527,265	487,903
Merchandise sales, net	412	-	412	(2,797)
Interest income	5	-	5	10
Rental income	3,000	-	3,000	-
Other income	129	-	129	-
Total revenues, grants, and other support	<u>1,073,962</u>	<u>-</u>	<u>1,073,962</u>	<u>1,457,086</u>
<b>Expenses and Losses</b>				
Program services	902,146	-	902,146	1,200,330
Management and general	112,011	-	112,011	88,506
Fundraising	108,812	-	108,812	104,035
Total expenses and losses	<u>1,122,969</u>	<u>-</u>	<u>1,122,969</u>	<u>1,392,871</u>
Change in Net Assets	(49,007)	-	(49,007)	64,215
Net Assets, Beginning of Year	<u>359,045</u>	<u>-</u>	<u>359,045</u>	<u>294,830</u>
Net Assets, End of Year	<u>\$ 310,038</u>	<u>\$ -</u>	<u>\$ 310,038</u>	<u>\$ 359,045</u>

The accompanying notes are an integral part of these financial statements.

SUNSHINE ON A RANNEY DAY INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020  
(With Comparative Totals for 2019)

	2020				2019
	Program Services	Management & General	Fundraising	Total	
Salaries and related expenses	\$ 268,949	\$ 46,004	\$ 38,927	\$ 353,880	\$ 338,719
Payroll taxes and benefits	54,954	9,400	7,954	72,308	52,251
Makeover expenses	433,951	1,088	-	435,039	788,993
Advertising and public relations	22,361	3,825	3,236	29,422	12,158
Bad debt	4,800	-	-	4,800	-
Contributions	3,735	-	-	3,735	-
Depreciation	14,335	2,452	2,075	18,862	14,057
Donor appreciation and relations	-	-	12,640	12,640	11,627
Dues and subscriptions	1,894	324	274	2,492	9,732
Improvements	11,654	-	-	11,654	-
Insurance	4,929	843	714	6,486	4,115
Interest expense	-	1,076	-	1,076	-
Licenses and permits	740	111	-	851	1,502
Miscellaneous	4,852	830	702	6,384	4,225
Moving expenses	6,182	924	-	7,106	-
Occupancy	24,358	4,166	3,526	32,050	21,000
Office	10,286	1,759	2,215	14,260	10,896
Postage and delivery	951	163	138	1,252	419
Professional fees	-	33,365	31,604	64,969	51,861
Repairs and maintenance	8,063	1,379	1,167	10,609	18,667
Telecommunications	9,519	1,628	1,378	12,525	15,826
Training	3,906	668	565	5,139	18,621
Utilities	5,616	961	812	7,389	4,084
Vehicle	6,111	1,045	885	8,041	14,118
	<u>\$ 902,146</u>	<u>\$ 112,011</u>	<u>\$ 108,812</u>	<u>\$ 1,122,969</u>	<u>\$ 1,392,871</u>

The accompanying notes are an integral part of these financial statements.



SUNSHINE ON A RANNEY DAY INCORPORATED

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020  
(With Comparative Totals for 2019)

	2020	2019
<b>Cash Flow from Operating Activities</b>		
Change in net assets	\$ (49,007)	\$ 64,215
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,862	14,057
Noncash contributions of property and equipment	(230,465)	-
<b>(Increase) Decrease in:</b>		
Note receivable	4,800	(4,800)
Contributions receivable	18,180	(18,180)
Nongovernmental grants receivable	35,000	(35,000)
Sunny & Ranney inventory	(19,950)	-
Prepaid expenses	(1,800)	-
<b>Increase (Decrease) in:</b>		
Accounts payable	22,793	12,537
Other payable	15,267	-
Sublessee prepaid rent	1,000	-
	(185,320)	32,829
<b>Cash Flow from Investing Activities</b>		
Purchase of property and equipment	(8,675)	-
	(8,675)	-
<b>Cash Flow from Financing Activities</b>		
Proceeds from PPP loan	75,500	-
	75,500	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(118,495)	32,829
<b>Cash and Cash Equivalents at Beginning of Year</b>	301,114	268,285
<b>Cash and Cash Equivalents at End of Year</b>	\$ 182,619	\$ 301,114

The accompanying notes are an integral part of these financial statements.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Sunshine on a Ranney Day Incorporated (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

**1. Nature of Organization**

The Organization was incorporated under the laws of the State of Georgia on February 20, 2012. It is a non-profit organization and tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization provides residential ADA modifications, therapy rooms, and room design for children with long-term illnesses in the greater Atlanta, Georgia area.

In November 2020, the Organization opened a store, Sunny & Ranney. Sunny & Ranney sells designer home goods and furniture donated by retailers, wholesalers, and designers, and profits from the store directly support the Organization's mission.

**2. Basis of Presentation**

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*. FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two classes of net assets. A description of the two classes of net assets follows:

**Net Assets Without Donor Restrictions**

Net assets that are not subject to or are no longer subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

**Net Assets With Donor Restrictions**

Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions when those donor restrictions are met in the year the contributions were received.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. **Use of 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 assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

4. **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

5. **Inventory**

Inventory for Sunny & Ranney is stated at net realizable value at December 31, 2020.

6. **Receivables**

Management closely monitors outstanding receivables and charges off to expense any balances that are determined to be uncollectible. At December 31, 2020, the Organization considered all remaining receivables to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Bad debt expense was \$4,800 for the year ended December 31, 2020.

7. **Property and Equipment**

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally using the straight-line method.

The estimated useful lives in determining depreciation are:

	<u>Years</u>
Leasehold improvements	Lesser of the lease or 7 years
Vehicles	5 - 7
Office equipment and furniture	5 - 7
Tools	7
Software	3

Expenditures for property and equipment and for improvements, which extend the original estimated economic life of the asset, exceeding \$2,500, are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. When an asset is sold or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Depreciation expense for the year ended December 31, 2020 was \$18,862.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

7. **Property and Equipment, continued**

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

8. **Contributions and Other Revenues**

Unconditional contributions and special grants, those that do not include a measurable performance-related or other barrier or are those in which the Organization has limited discretion over how the contribution should be spent, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Contributions that include a measurable barrier or those for which the Organization has limited discretion over how the contribution should be spent and a right of return or release from future obligations are recorded as conditional contributions. Conditional contributions are not recognized until they become unconditional, that is, when the conditions surrounding the indications of the barrier have been met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

9. **Advertising**

Advertising costs are expensed as incurred. Advertising expense, for the year ended December 31, 2020, was \$29,422.

10. **Income Taxes**

The Organization, a nonprofit organization, operating under Section 501(c)(3) of the IRC is exempt from federal, state, and local income taxes; and accordingly, no provision for income taxes is included in the accompanying financial statements for the Organization.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service and Georgia Department of Revenue. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to December 31, 2017.

11. **Donated Services**

Many volunteers have made significant contributions of their time to develop and promote the programs of the Organization. The value of these donated services is not included in the accompanying financial statements, as such services do not create or enhance non-financial assets or require specialized skills.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**12. Functional Allocation of Expenses**

The costs of providing the program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services, based on their nature and purpose, while other costs are directly charged to the functions they benefit. Expenses have been classified based on actual direct expenditures and cost allocations based on estimates made by the Organization.

**13. Prior Year Information**

The financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized totals were derived.

**14. Subsequent Events**

Subsequent events have been evaluated through June 21, 2021, which is the date the financial statements were available to be issued.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment, as of December 31, 2020, is summarized as follows:

Leasehold improvements	\$ 292,747
Vehicles	17,472
Office equipment and furniture	20,030
Tools	6,876
Software	<u>2,690</u>
	339,815
Less accumulated depreciation	<u>(104,908)</u>
	<u>\$ 234,907</u>

NOTE C – FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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**NOTE C – FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK, continued**

The Organization maintains its cash deposits with highly rated financial institutions. At times, such deposits may be in excess of federally insured limits. At December 31, 2020, the Organization did not maintain any uninsured cash deposits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss.

The Organization depends heavily on contributions and grants for its public support. Accordingly, the Organization's ability to fund its programs and services will be affected by national and local economic conditions.

**NOTE D – PAYCHECK PROTECTION PROGRAM LOAN**

In response to the coronavirus (COVID-19) pandemic, the U.S. government enacted the Coronavirus Aid Relief, and Economic Security (CARES) Act on March 27, 2020 and the Paycheck Protection Program (PPP) and Health Care Enhancement Act (the Enhancement Act) on April 24, 2020. Under the PPP, as part of the CARES Act and Enhancement Act, the U.S. government has authorized forgivable loans to small businesses and nonprofit entities to pay their employees during the COVID-19 pandemic. On May 12, 2020, the Organization received a PPP loan for \$75,500, which remains outstanding as of December 31, 2020. The Organization has formally applied for loan forgiveness since all terms have been satisfied.

**NOTE E – COVID-19 PAYROLL TAX DEFERRAL**

In response to the COVID-19 pandemic, Congress created various payroll tax relief programs, including the payroll tax deferral, for employers via the CARES and the Families First Coronavirus Response Act (FFCRA) in the spring of 2020 and later expanded those in the Consolidated Appropriations Act (CAA) passed in late December 2020. The payroll tax deferral allows all employers to defer the deposit and payment of their share of the social security tax on employee wages for up to two years. In April 2020, the Organization started deferring the employer portion of the payroll taxes on employee wages. COVID-19 payroll tax deferral payable at December 31, 2020 was \$15,267, and is included as other payable on the statement of financial position.

**NOTE F – COMMITMENTS**

The Organization has entered into an operating lease agreement for its office space. The monthly rental obligation was \$1,800 on December 31, 2020, and the lease agreement expires August 2021.

The Organization has entered into an operating lease agreement for its store space. The monthly rental obligation was \$6,300 on December 31, 2020, and the lease agreement expires April 2025.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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**NOTE F – COMMITMENTS, continued**

Occupancy expense associated with these leases was \$32,050 for the year ended December 31, 2020.

Future minimum lease payments are as follows:

<b>Year Ended</b> <b><u>December 31,</u></b>	
2021	\$ 90,000
2022	76,352
2023	77,496
2024	78,656
2025	<u>26,348</u>
	<u>\$ 348,852</u>

The Organization subleases a portion of its store space to a lessee. The lease provides for monthly rental receipts of \$1,000 in arrears. The lease agreement is effective through October 15, 2022. Rental income was \$3,000 for the year ended December 31, 2020.

Future minimum rental receipts are as follows:

<b>Year Ended</b> <b><u>December 31,</u></b>	
2021	\$ 12,000
2022	<u>9,000</u>
	<u>\$ 21,000</u>

**NOTE G – RELATED PARTY TRANSACTIONS**

The Organization incurred leasehold improvements of \$1,651 and costs of \$2,525 associated with work performed by a related party. The Organization had open payables to this related party of \$1,651 as of December 31, 2020.

The Organization has \$4,800 of bad debt from an officer.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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**NOTE H – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year ended December 31, 2020:

Interest	<u>\$ 1,076</u>
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All interest incurred was expensed.

**Noncash investing and financing transactions:**

In-kind contributions:

Makeover expenses	\$ 296,800
Property and equipment	<u>230,465</u>
	<u>\$ 527,265</u>

**NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has a policy to manage its liquidity by structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization could open a committed line of credit, which it could draw upon.

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 182,619
Sunny & Ranney inventory	<u>19,950</u>
Total financial assets	<u>\$ 202,569</u>

**NOTE J – SUBSEQUENT EVENTS**

Subsequently, on March 5, 2021, the Organization received an additional PPP loan for \$83,733, which remains outstanding as of the date of this report. The Organization has formally applied for loan forgiveness since all terms have been satisfied.

As a result of the COVID-19 pandemic, economic uncertainties have arisen which could potentially have a negative impact on the future performance of the Organization, though the potential impact is currently unknown.

Subsequently, on January 1, 2021, the Organization started sharing its office space with a related party.