

**SUNSHINE ON A RANNEY DAY INCORPORATED**

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

**Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

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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

**Opinion**

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Sunshine on a Ranney Day Incorporated and to meet our other ethical responsibilities in accordance with the 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 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 Sunshine on a Ranney Day Incorporated'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 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, including omissions, 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.

In performing an audit in accordance with generally accepted 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 Sunshine on a Ranney Day Incorporated'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 Sunshine on a Ranney Day Incorporated'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.

## **Report on Summarized Comparative Information**

We have previously audited Sunshine on a Ranney Day Incorporated's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Alpharetta, Georgia  
September 13, 2023

SUNSHINE ON A RANNEY DAY INCORPORATED

STATEMENT OF FINANCIAL POSITION

December 31, 2022  
(With Comparative Totals of 2021)

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	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 468,718	\$ 490,893
Sunny & Ranney inventory	92,160	40,370
Prepaid expenses	-	1,800
	<hr/>	<hr/>
Total current assets	560,878	533,063
	<hr/>	<hr/>
<b>Property and Equipment</b>		
Property and equipment, net	226,534	233,403
	<hr/>	<hr/>
<b>Other Assets</b>		
Right-of-use assets - operating leases	452,682	-
Deposits	9,399	2,490
	<hr/>	<hr/>
	462,081	2,490
	<hr/>	<hr/>

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Assets

\$ 1,249,493

\$ 768,956

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

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**Liabilities and Net Assets**

	<u>2022</u>	<u>2021</u>
<b>Current Liabilities</b>		
Current portion of Economic Injury Disaster Loan (EIDL)	\$ 6,527	\$ 6,527
Accounts payable	64,565	28,407
Other payable	6,953	13,483
Current portion of lease liabilities - operating leases	149,889	-
Sublessee prepaid rent	-	1,000
	<u>227,934</u>	<u>49,417</u>
<b>Long-Term Liabilities</b>		
Economic Injury Disaster Loan (EIDL), less current portion	43,373	43,373
Lease liabilities - operating leases, less current portion	317,692	-
	<u>361,065</u>	<u>43,373</u>
<b>Net Assets</b>		
Without donor restrictions	660,494	676,166
With donor restrictions	-	-
	<u>660,494</u>	<u>676,166</u>

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**Liabilities and Net Assets**

**\$ 1,249,493**

**\$ 768,956**

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**SUNSHINE ON A RANNEY DAY INCORPORATED**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
<b>Revenues, Grants, and Other Support</b>				
Contributions	\$ 465,707	\$ -	\$ 465,707	\$ 324,426
Nongovernmental grants	197,050	-	197,050	260,880
Special events revenue	512,418	-	512,418	396,797
Less: cost of direct benefits to donors	(48,257)	-	(48,257)	(60,963)
Net revenue from special events	464,161	-	464,161	335,834
Sunny & Ranney, net revenue	561,142	-	561,142	344,525
In-kind contributions	517,529	-	517,529	262,394
Interest income	11	-	11	28
Sublease income	16,025	-	16,025	23,500
Forgiveness of PPP loans	-	-	-	159,233
Total revenues, grants, and other support	2,221,625	-	2,221,625	1,710,820
<b>Expenses and Losses</b>				
Program services	1,863,271	-	1,863,271	1,081,420
Management and general	179,251	-	179,251	130,549
Fundraising	194,775	-	194,775	132,723
Total expenses and losses	2,237,297	-	2,237,297	1,344,692
<b>Change in Net Assets</b>	(15,672)	-	(15,672)	366,128
<b>Net Assets, Beginning of Year</b>	676,166	-	676,166	310,038
<b>Net Assets, End of Year</b>	\$ 660,494	\$ -	\$ 660,494	\$ 676,166

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, 2022  
(With Comparative Totals for 2021)**

	2022				2021
	Program Services	Management & General	Fundraising	Total	
Salaries and related expenses	\$ 457,843	\$ 78,315	\$ 66,267	\$ 602,425	\$ 422,790
Payroll taxes and benefits	64,638	11,056	9,355	85,049	64,600
Makeover expenses	945,104	-	-	945,104	455,066
Advertising and public relations	79,896	13,666	11,564	105,126	61,727
Automobile expenses	1,481	254	214	1,949	-
Depreciation	53,108	9,084	7,687	69,879	56,992
Donor appreciation and relations	-	-	38,854	38,854	16,836
Dues and subscriptions	9,280	1,587	1,343	12,210	8,307
Improvements	-	-	-	-	8,240
Insurance	29,464	5,040	4,265	38,769	12,071
Interest expense	-	-	-	-	1,491
Lease expense - operating leases	125,722	21,505	18,197	165,424	-
Rent expense	-	-	-	-	97,200
Licenses and permits	49	7	-	56	1,124
Miscellaneous	9,993	1,709	1,446	13,148	6,113
Office	22,355	3,824	3,236	29,415	22,082
Postage and delivery	707	121	102	930	1,414
Professional fees	-	23,339	24,000	47,339	46,299
Repairs and maintenance	21,029	3,597	3,044	27,670	16,793
Telecommunications	3,125	535	452	4,112	2,660
Training	7,231	1,237	1,047	9,515	-
Transportation expenses	6,670	-	-	6,670	14,972
Utilities	25,576	4,375	3,702	33,653	27,915
	<u>\$ 1,863,271</u>	<u>\$ 179,251</u>	<u>\$ 194,775</u>	<u>\$ 2,237,297</u>	<u>\$ 1,344,692</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, 2022  
(With Comparative Totals for 2021)**

	<b>2022</b>	<b>2021</b>
<b>Cash Flow from Operating Activities</b>		
Change in net assets	\$ (15,672)	\$ 366,128
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	69,879	56,992
Forgiveness of PPP loans	-	(159,233)
Noncash portion of lease expense - operating leases	134,229	-
<b>(Increase) Decrease in:</b>		
Sunny & Ranney inventory	(51,790)	(20,420)
Prepaid expenses	1,800	-
Deposits	(6,909)	-
<b>Increase (Decrease) in:</b>		
Accounts payable	36,158	(11,554)
Other payable	(6,530)	(1,784)
Repayments of lease liabilities - operating leases	(119,330)	-
Sublease prepaid rent	(1,000)	-
Net cash provided by operating activities	40,835	230,129
<b>Cash Flow from Investing Activities</b>		
Purchase of property and equipment	(63,010)	(55,488)
Net cash used in investing activities	(63,010)	(55,488)
<b>Cash Flow from Financing Activities</b>		
Proceeds from PPP loans	-	83,733
Net proceeds from EIDL loan	-	49,900
Net cash provided by financing activities	-	133,633
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(22,175)	308,274
<b>Cash and Cash Equivalents at Beginning of Year</b>	490,893	182,619
<b>Cash and Cash Equivalents at End of Year</b>	\$ 468,718	\$ 490,893

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

# SUNSHINE ON A RANNEY DAY INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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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 2021, 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.

#### 3. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

4. **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.

5. **Cash and Cash Equivalents**

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

6. **Inventory**

Inventory for Sunny & Ranney is stated at net realizable value at December 31, 2022.

7. **Receivables**

Management closely monitors outstanding receivables and charges off to expense any balances that are determined to be uncollectible. There were no outstanding receivables at December 31, 2022. Accordingly, there was no allowance for doubtful accounts.

There was no bad debt expense for the year ended December 31, 2022.

8. **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
Website	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, 2022 was \$69,879.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

8. **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.

9. **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.

10. **Advertising**

Advertising costs are expensed as incurred. Advertising expense, for the year ended December 31, 2022, was \$105,126.

11. **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 (IRS) and Georgia Department of Revenue. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022, 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, 2019.

SUNSHINE ON A RANNEY DAY INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

**12. 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.

**13. 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.

**14. 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, 2021, from which the summarized totals were derived.

**15. Subsequent Events**

Subsequent events have been evaluated through September 13, 2023, which is the date the financial statements were available to be issued.

**16. Leases**

Under FASB ASC Topic 842, *Leases*, 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. Operating leases, in which the Organization is the lessee, are included in right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The interest rate implicit in lease contracts is typically not readily determinable; therefore, the Organization uses its incremental borrowing rate, based on the information available at lease commencement, in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

**SUNSHINE ON A RANNEY DAY INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

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

**17. Adoption of New Accounting Standard**

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The guidance requires lessees to recognize a lease liability and a ROU asset on a discounted basis, for substantially all leases, as well as to provide additional disclosures regarding lease arrangements. The Organization has elected the package of practical expedients permitted in ASC Topic 842, which permits entities to not reassess lease classification, lease identification, or initial direct costs for existing or expired leases prior to effective date. As a result of adoption of the new lease accounting guidance, prior comparative periods were not adjusted, and the Organization capitalized ROU assets of \$588,761 and lease liabilities of \$586,911 on the statement of financial position on January 1, 2022. Upon adoption, there was no material effect to the net assets, statements of activities, or cash flows.

**NOTE B – PROPERTY AND EQUIPMENT**

Property and equipment, as of December 31, 2022, is summarized as follows:

Leasehold improvements	\$ 336,401
Vehicles	39,325
Office equipment and furniture	7,762
Tools	5,387
Website	<u>21,630</u>
	410,505
Less accumulated depreciation	<u>(183,971)</u>
	<u><u>\$ 226,534</u></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.

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, 2022, the Organization had uninsured cash deposits totaling \$230,188. 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.

**SUNSHINE ON A RANNEY DAY INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

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**NOTE D – ECONOMIC INJURY DISASTER LOAN**

On January 5, 2021, the Organization was issued an Economic Injury Disaster Loan (EIDL) for \$149,900 through the U.S. Small Business Administration (SBA). The EIDL requires monthly payments of principal and interest totaling \$641 beginning twelve months from the date of the promissory note and will accrue interest at the rate of 2.75% per annum. This loan is collateralized by a security interest in all tangible property owned by the Organization. During the year ended December 31, 2021, the Organization made a payment of \$100,000 toward this loan. At December 31, 2022, the Organization has reflected the outstanding EIDL balance of \$49,900 as a current liability of \$6,527 and long-term liability of \$43,373 in the statement of financial position.

Maturities of the EIDL are as follows:

<b><u>Year Ended December 31,</u></b>	
2023	\$ 6,527
2024	6,593
2025	6,777
2026	6,965
2027	7,159
Thereafter	<u>15,879</u>
	<u>\$ 49,900</u>

**NOTE E – LEASES**

The Organization has entered into an operating lease agreement for its office space. The monthly rental obligation was \$1,850 on December 31, 2022, and the lease agreement expires August 2024.

The Organization has entered into an operating lease agreement for its store space. The monthly rental obligation was \$6,394 on December 31, 2022, and the lease agreement expires April 2025.

The Organization has entered into an operating lease agreement for its warehouse space. The monthly rental obligation was \$4,178 on December 31, 2022, and the lease agreement expires July 2027.

The Organization has entered into a lease agreement for the use of a truck. The monthly rental obligation was \$1,900 on December 31, 2022, and the lease agreement expires January 2025.

At December 31, 2022, the weighted average remaining lease term was 2.71 years, and the weighted average discount rate was 5%.

**SUNSHINE ON A RANNEY DAY INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE E – LEASES, continued**

The following summarizes the line items in the statement of financial position which include amounts for the operating leases as of December 31, 2022:

Right-of-use assets	<u>\$ 452,682</u>
Current portion of lease liabilities	\$ 149,889
Lease liabilities, less current portion	<u>317,692</u>
 Total lease liabilities	 <u>\$ 467,581</u>

The maturities of the lease liabilities, as of December 31, 2022, are as follows:

<u>Year Ended</u> <u>December 31,</u>		
2023	\$	173,268
2024		168,069
2025		87,093
2026		57,886
2027		<u>34,792</u>
 Total minimum lease payments		 521,108
Less: imputed interest		<u>(53,527)</u>
 Total lease liabilities	 \$	 <u>467,581</u>

Lease expense was \$165,424 for the year ended December 31, 2022.

The Organization subleases a portion of its store space to a related party on a month-to-month basis. The lease provides for monthly rental receipts of \$1,325 at December 31, 2022.

The Organization subleased a portion of its store space to a lessee. The lease provided for monthly rental receipts of \$1,000. The lease ended in October 2022.

The Organization subleased a portion of its store space to a lessee. The lease provided for monthly rental receipts of \$125. The lease ended in January 2022.

Sublease income was \$16,025 for the year ended December 31, 2022.



**SUNSHINE ON A RANNEY DAY INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

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**NOTE F – RELATED PARTY TRANSACTIONS**

The Organization incurred donated design services of \$6,471 associated with work performed by a related party.

The Organization subleases a portion of its store space to a related party on a month-to-month basis. The lease provides for monthly rental receipts of \$1,325 at December 31, 2022. For the year ended December 31, 2022, the organization collected \$10,900 of rental income from this related party.

The Organization received contributions of \$7,400 from a related party.

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

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 148,675</u>
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**Noncash investing and financing transactions:**

Lease assets obtained in exchange for lease obligations:

Operating leases	<u>\$ 588,761</u>
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In-kind contributions:

Furniture and furnishings	\$ 1,045,473
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Makeover expenses	<u>517,529</u>
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	<u>\$ 1,563,002</u>
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**NOTE H – 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	\$ 468,718
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Sunny & Ranney inventory	<u>92,160</u>
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Total financial assets	<u>\$ 560,878</u>
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**SUNSHINE ON A RANNEY DAY INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

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**NOTE I – SUBSEQUENT EVENTS**

Subsequently, in June 2023, the Organization entered into an operating lease agreement for its new clearance store space. The lease agreement expires June 2026.

Subsequently, in March 2023, the Organization entered into a \$150,000 note payable with Jackson Healthcare, LLC for the renovation and start up costs of its new clearance store.

**NOTE J – PENDING ASSESSMENT**

In January 2023, the Organization received a tax notice from the IRS for past taxes due and interest charges totaling \$20,735 for the tax year ended December 31, 2018. The Organization is disputing the charges and has retained legal counsel. No amount has been accrued in these financial statements since the potential outcome is unknown.