

SUNSHINE DIVISION, INC.

Audited Financial Statements

For the Year Ended June 30, 2025



McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sunshine Division, Inc.

Opinion

We have audited the accompanying financial statements of Sunshine Division, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 Division, Inc. as of June 30, 2025, 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 Division, Inc. 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 Sunshine Division, Inc.'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 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 Division, Inc.'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 Division, Inc.'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 Division Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report January 29, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
November 18, 2025

SUNSHINE DIVISION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With comparative totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 3,965,174	\$ 3,319,012
Operating investments	2,450,787	5,609,921
Accounts receivable	128,833	1,279,212
Contributions receivable, restricted to facility acquisition project	242,798	371,771
Prepaid expenses and other assets	187,268	164,831
Inventory	914,403	778,602
Note receivable	1,400,000	-
Right-of-use asset	71,392	125,170
Endowment:		
Beneficial interest in assets held by community foundation	3,028,627	2,827,733
Investments	2,014,361	1,860,548
Goodwill, net	90,500	108,600
Property and equipment, net	7,841,522	371,564
TOTAL ASSETS	\$ 22,335,665	\$ 16,816,964
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued payroll liabilities	\$ 231,537	\$ 232,793
Refundable advance	7,981	4,000
Lease liability	73,490	127,703
Note payable	2,976,550	-
Total liabilities	3,289,558	364,496
Net assets:		
Net assets without donor restrictions:		
Undesignated	5,197,651	3,192,653
Board designated operating reserve	1,081,360	1,039,932
Board designated facility acquisition project	-	4,700,000
Board designated endowment	4,450,547	4,137,993
Net property and equipment, goodwill	4,955,472	480,164
Total without donor restrictions	15,685,030	13,550,742
With donor restrictions	3,361,077	2,901,726
Total net assets	19,046,107	16,452,468
TOTAL LIABILITIES AND NET ASSETS	\$ 22,335,665	\$ 16,816,964

See accompanying notes to financial statements.

SUNSHINE DIVISION, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025
(With comparative totals for 2024)

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Grants and contributions	\$ 2,615,174	\$ 374,617	\$ 2,989,791	\$ 3,919,000
In-kind contributions	4,071,264	-	4,071,264	3,916,088
Winter Wonderland revenue:				
Contributions	220,050	-	220,050	149,789
Ticket sales	1,041,354	-	1,041,354	1,094,768
Less: Cost of sales	(779,553)	-	(779,553)	(726,586)
Net Winter Wonderland revenue	481,851	-	481,851	517,971
Special event revenue, net of direct benefits	162,014	-	162,014	342,918
Net investment return	511,914	-	511,914	623,526
Distributions from and change in value of beneficial interest in assets held by community foundation	268,001	39,726	307,727	172,081
Gain on sale of assets	1,352,623	-	1,352,623	-
Other income	4,784	-	4,784	24,278
Net assets released from restrictions	741,761	(741,761)	-	-
Total support and revenue	10,209,386	(327,418)	9,881,968	9,515,862
Expenses:				
Program services:				
Food, clothing and other client assistance	4,088,065	-	4,088,065	3,911,485
Other program expenses	2,300,796	-	2,300,796	2,066,676
Total program services	6,388,861	-	6,388,861	5,978,161
Supporting services:				
Management and general	664,869	-	664,869	512,085
Fundraising and development	922,275	-	922,275	936,483
Total expenses	7,976,005	-	7,976,005	7,426,729
Change in net assets before provision for income taxes and nonoperating activities:	2,233,381	(327,418)	1,905,963	2,089,133
Grants and contributions-facility acquisition project	-	786,769	786,769	510,134
Rental income	316,918	-	316,918	-
Facility acquisition project expenses	(254,768)	-	(254,768)	-
Provision for income taxes	(161,243)	-	(161,243)	(93,035)
Change in net assets	2,134,288	459,351	2,593,639	2,506,232
Net assets - beginning of year	13,550,742	2,901,726	16,452,468	13,946,236
Net assets - end of year	<u>\$ 15,685,030</u>	<u>\$ 3,361,077</u>	<u>\$ 19,046,107</u>	<u>\$ 16,452,468</u>

See accompanying notes to financial statements.

SUNSHINE DIVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2025
(With comparative totals for 2024)

	2025							2024
	Program Services			Supporting Services				
	Food Clothing and Other Assistance	Winter Wonderland	Total Program Services	Management and General	Fundraising and Development	Facility Acquisition Project	Total	
Food, clothing and other client assistance:								
In-kind food and clothing distribution	\$ 3,927,195	\$ -	\$ 3,927,195	\$ -	\$ -	\$ -	\$ 3,927,195	\$ 3,751,688
Gift cards issued for client food and clothing	160,870	-	160,870	-	-	-	160,870	159,797
Total food, clothing and other client assistance	4,088,065	-	4,088,065	-	-	-	4,088,065	3,911,485
Other expenses:								
Salaries and related expenses	961,056	20,865	981,921	411,461	543,367	-	1,936,749	1,699,505
Occupancy	760,993	77,869	838,862	20,415	8,727	9,457	877,461	777,388
Professional fees	87,024	329,336	416,360	93,428	90,517	16,946	617,251	536,785
Advertising and promotion	-	60,825	60,825	1,676	105,068	-	167,569	172,428
Events	1,344	-	1,344	-	139,082	-	140,426	134,157
Equipment and maintenance	84,666	125,603	210,269	3,909	12,266	19,630	246,074	209,169
Supplies, postage, and fees	84,392	67,636	152,028	8,225	40,673	-	200,926	199,563
Information technology	53,564	1,920	55,484	45,119	25,302	-	125,905	129,535
Transportation and logistics	187,895	8,243	196,138	1,258	1,991	-	199,387	170,918
Printing and copying	2,489	3,685	6,174	399	45,590	-	52,163	55,416
Insurance	9,945	18,183	28,128	42,023	-	13,197	83,348	66,403
Property taxes	-	-	-	-	-	43,027	43,027	-
Uncollectible pledges	-	-	-	-	40,000	-	40,000	85,000
Depreciation and amortization	46,155	48,815	94,970	4,356	3,231	63,989	166,546	111,480
Other operating expenses	21,273	16,573	37,846	32,539	5,543	-	75,928	28,240
Provision for income taxes	-	161,243	161,243	-	-	-	161,243	93,035
Interest expense	-	-	-	61	-	88,522	88,583	-
Total expenses by function	6,388,861	940,796	7,329,657	664,869	1,061,357	254,768	9,310,651	8,380,507
Less expenses included with revenues:								
Cost of sales	-	(779,553)	(779,553)	-	-	-	(779,553)	(726,586)
Special event direct benefits to donors	-	-	-	-	(139,082)	-	(139,082)	(134,157)
Less expenses reported separately:								
Facility acquisition project expenses	-	-	-	-	-	(254,768)	(254,768)	-
Provision for income taxes	-	(161,243)	(161,243)	-	-	-	(161,243)	(93,035)
Total expenses included in the expense section on the statement of activities	\$ 6,388,861	\$ -	\$ 6,388,861	\$ 664,869	\$ 922,275	\$ -	\$ 7,976,005	\$ 7,426,729

See accompanying notes to financial statements.

SUNSHINE DIVISION, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025
(With comparative totals for 2024)

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 2,593,639	\$ 2,506,232
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	166,546	111,480
Amortization of operating right-of-use asset	51,304	52,315
Gain on investments	(419,242)	(430,130)
Gain on disposition of property and equipment	(1,352,623)	-
Contributions restricted to facility acquisition	(878,148)	(614,089)
Changes in:		
Accounts and contributions receivable	1,279,352	(980,881)
Prepaid expenses, other assets and inventory	(158,238)	(286,716)
Accounts payable and accrued expenses	(1,256)	116,018
Refundable advance	3,981	(3,069)
Operating lease liability	(51,739)	(51,593)
Net cash flows from operating activities	1,233,576	419,567
Cash flows from investing activities:		
Purchases of property and equipment	(7,687,181)	(28,708)
Proceeds from the sales of property and equipment	21,400	-
Proceeds from the sales of investments	8,811,434	5,366,984
Purchases of investments	(5,587,765)	(5,115,978)
Net cash flows from investing activities	(4,442,112)	222,298
Cash flows from financing activities:		
Contributions restricted for facility acquisition	878,148	614,089
Proceeds from long-term debt	3,000,000	-
Principal payments on long-term debt	(23,450)	-
Net cash flows from financing activities	3,854,698	614,089
Net change in cash and cash equivalents	646,162	1,255,954
Cash and cash equivalents - beginning of year	3,319,012	2,063,058
Cash and cash equivalents - end of year	\$ 3,965,174	\$ 3,319,012
Supplemental cash flow information:		
Cash paid for operating leases	\$ 53,585	\$ -
Cash paid for interest	74,663	-
Cash paid for income taxes	161,243	102,828
Non-cash investing and financing activities:		
Note receivable in connection with sale of property and equipment	1,400,000	-
Debt repaid in connection with sale of property and equipment	(164,300)	-

See accompanying notes to financial statements.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. DESCRIPTION OF ORGANIZATION

Since 1923, Sunshine Division, Inc. (Sunshine Division or the Organization) has provided free emergency food and clothing to Portland Metro area families and individuals in need. Whether due to the loss of a job, domestic crime, illness, or other extraordinary events, Sunshine Division has built a legacy of mobilizing quickly and efficiently to assist those in crisis. Sunshine Division's activities are primarily funded from individual and corporate donors, foundation grants, and events. We accomplish our mission through the generosity of our donors, a small staff, exceptional volunteers, engaged board, and a historically evolving number of programs including:

- Free food assistance provided up to six days a week at our facilities in North and Southeast Portland.
- A Home Delivery Program that provides emergency food boxes directly to homes for homebound Portlanders otherwise unable to secure food. This program delivered food boxes for up to 360 residences per week.
- Emergency response 24-hours a day through our partnership with the Portland Police Bureau. The Bureau stores food boxes at each police precinct so they can be dispatched to those in need at any time.
- With the support of hundreds of volunteers, including Portland Police Officers, distribution of 2,500 holiday food boxes directly to the homes of those in need.
- Targeted school related emergency food programs including on site food box distributions, summer breakfast programs, and holiday outreach.
- Support to local hunger relief agencies, social service organizations, schools, churches, and first responders periodically throughout the year. This support includes distribution of food in bulk quantities as well as assembled food boxes at various times during the year and wide-ranging bulk distributions during the holidays.
- A shopping experience for low-income children through the Izzy's Kids program, which pairs a police officer and a child in need so they can go shopping for new school clothes.

Relationship with the Portland Police Bureau

The Portland Police Bureau provides an Officer to act as an internal and external liaison from the Bureau and City of Portland to the Sunshine Division. This Officer assists in implementing Sunshine Division's programs and is a connector of Sunshine Division services to a wide array of City programs and departments, local non-profits, and faith-based organizations that intersect with the City of Portland and the Bureau. The Officer also serves the sworn and non-sworn members of the Bureau to connect them to year-round resources from the Sunshine Division, to assist individuals in crisis. When any Officer encounters a crisis, poverty, or is advocating for a victim, they can easily distribute emergency food or clothing assistance to the family or individual and refer them to Sunshine Division for continuing assistance. Two representatives of the Portland Police Bureau serve on Sunshine Division's fourteen-member Board of Directors.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all liquid investments available for current use with an initial maturity of three months or less at the time of purchase to be cash equivalents. Cash and highly liquid financial instruments restricted to facility acquisition projects, endowments that are perpetual in nature, or other long-term purposes are reported separately.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable represent amounts owed for special events and cost-reimbursement agreements and are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for trade receivables held at June 30, 2025 and 2024 because the composition of the trade receivables at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers have not changed significantly over time).

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounts Receivable and Allowance for Credit Losses, Continued

Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. There was no allowance for credit losses established at June 30, 2025 and 2024 as management has determined balances are fully collectible.

Contributions Receivable

Contributions receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The allowance for uncollectible promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The allowance for uncollectible promises to give is \$40,000 as of June 30, 2025. Management determined that an allowance for uncollectible promises to give was not necessary as of June 30, 2024.

Investments

Investments are reported at their fair values.

Inventory

Inventory of donated food, household items and clothing are recorded at the lower of estimated fair value or net realizable value.

Property, Equipment and Depreciation

Property and equipment additions of over \$5,000 are capitalized at original cost if purchased or at fair value when acquired by gift. Depreciation is provided on the straight-line basis over the estimated useful lives of the respective assets, which is generally 3 to 30 years.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property, Equipment and Depreciation, Continued

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 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. 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.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization'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. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future 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 the Organization will exercise the option.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Goodwill

Beginning as of July 1, 2020, Sunshine Division amortizes goodwill over 10 years using the straight-line method. Sunshine Division has elected the accounting alternative for the evaluation of a goodwill impairment triggering event, as allowed under U.S. GAAP. The Organization performs the goodwill impairment triggering event evaluation as of the end of the reporting period (Sunshine Division's fiscal year end), by evaluating the facts and circumstances at the end of the reporting period, rather than during the reporting period as triggering events may occur.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

Revenues from various sources are recognized as follows:

Grants and Contributions: Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contracts with Customers: Sunshine Division recognizes contract services for logistical support of food delivery programs when the performance obligations of transferring the products and providing the services are met. Winter Wonderland ticket sales are recorded at the time of purchase. Special events revenue is comprised of an exchange element based on the direct benefit donors receive and a contribution element for the difference. Special events revenue equal to the fair value of direct benefit to donors is recognized when the special event takes place. The contribution component of a special event is recognized immediately, unless there is a right of return if the special event does not take place.

Donated Assets and Services (In-Kind Contributions): Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the time of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donation to a specific purpose.

Substantial donations of food and essential household items are received by Sunshine Division, and are distributed to outside agencies and individual beneficiaries of Sunshine Division's assistance programs. These donations are recorded as inventory and as unrestricted support (absent specific donor stipulations) when received, and as direct program expense when provided to outside agencies and individuals. These donations are valued based at an estimated rate per pound. These donated goods are not sold and are only distributed for program use.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Unemployment Insurance

The Organization is self-insured for unemployment and makes periodic payments to a trust company in an amount equal to estimated future claims. Deposits to the trust are recorded as prepaid expenses. Unemployment claims paid reduce the trust asset and are expensed. Unpaid claims outstanding at year-end represent a liability of the Organization.

Income Taxes

Sunshine Division, Inc. is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law for income related to the Organization's exempt purpose. The Organization is not a private foundation.

Net income from Winter Wonderland ticket sales is considered unrelated business income, as it is a trade or business activity which is not substantially related to the exercise or performance of Sunshine Division's exempt purpose. The Organization also incurred unrelated business income tax on rental income in the current year relating to their facilities acquisition project. The provision for federal and state income taxes totaled \$161,243 and \$93,035 for the years ended June 30, 2025 and 2024, respectively.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll costs, professional fees, office supplies, and other miscellaneous costs are allocated based on estimates of employee time and effort. Information technology costs are allocated based on head count. Facilities, depreciation, and utilities and related costs are based on square footage.

Advertising Expense

Advertising costs are charged to expense as they are incurred. Sunshine Division incurred approximately \$167,600 in advertising costs for the year ended June 30, 2025. Of this amount, approximately \$60,800 was for promoting ticket sales to the public for the Winter Wonderland light show event which is Sunshine Division's largest annual fundraiser. Sunshine Division incurred approximately \$172,400 in advertising costs for the year ended June 30, 2024. Of this amount, approximately \$55,800 was for promoting ticket sales to the public for the Winter Wonderland light show event. Sunshine Division, in most cases, secures sponsorship revenue to offset advertising expenses.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2024

The financial information as of June 30, 2024 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through November 18, 2025, the date the financial statements were available to be issued.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with restrictions limiting their use.

Financial assets available for general expenditure consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,965,174	\$ 3,319,012
Operating investments	2,450,787	5,609,921
Accounts receivable	128,833	1,279,212
	<u>6,544,794</u>	<u>10,208,145</u>
Less amounts unavailable for general expenditure:		
Board-designated operating reserve	(1,081,360)	(1,039,932)
Board-designated for facility acquisition project	-	(4,700,000)
Donor restrictions	(147,620)	(474,763)
Financial assets available for general expenditure	<u>\$ 5,315,814</u>	<u>\$ 3,993,450</u>

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

3. AVAILABLE RESOURCES AND LIQUIDITY, Continued

As part of Sunshine Division’s liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs and interest-bearing checking and money market accounts. Sunshine Division consistently operates with a balanced budget, collecting sufficient revenue to cover general expenditures not covered with board-designated and donor-restricted resources.

Sunshine Division has a board-designated endowment, the operating terms of which are described in Note 14. Although the Organization does not intend to spend from this Board-designated endowment (other than amounts appropriated for general expenditure as part of our Board’s annual budget approval and appropriation), \$2,014,361 of these amounts could be made available if necessary. The remaining \$2,436,186 is held by the Oregon Community Foundation and can only be accessed with a majority vote of both the Sunshine Division’s and Oregon Community Foundation’s Boards of Directors.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization’s investments as of June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Operating investments:		
Cash and cash equivalents	\$ 1,656,044	\$ 3,562,286
Certificates of deposit	546,273	525,987
Fixed income mutual funds	<u>248,470</u>	<u>1,521,648</u>
Total operating investments	<u>\$ 2,450,787</u>	<u>\$ 5,609,921</u>
Beneficial interest in assets held by community foundation	<u>\$ 3,028,627</u>	<u>\$ 2,827,733</u>
Endowment investments:		
Cash and cash equivalents	\$ 71,461	\$ 21,761
Exchange traded funds	-	1,084,059
Equity mutual funds	1,266,600	654,875
Fixed income mutual funds	<u>676,300</u>	<u>99,853</u>
Total endowment investments	<u>\$ 2,014,361</u>	<u>\$ 1,860,548</u>

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, Continued

Beneficial Interest in Assets Held by Community Foundation

In 1998, Sunshine Division established an endowment fund that is perpetual in nature (the Fund) under Oregon Community Foundation's (OCF) endowment partners program, and named Sunshine Division as beneficiary. In 2017, Sunshine Division entered into a second agreement to transfer funds to OCF to establish a permanent fund as part of the stipulations of a donor (also part of the Fund). The Fund was established through an initial transfer of assets from Sunshine Division to OCF in return for the contractual promise of a perpetual stream of future distributions back to Sunshine Division, based on OCF's investment, spending, and related policies. Variance power was granted to OCF in all agreements, which allows OCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of the OCF Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by OCF for Sunshine Division's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized on the statement of activities.

Fair Value Measurements

Asset and liabilities, including investments, are recorded at fair value in the statements of financial position and are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical asset and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, Continued

The Organization's assets subject to fair value measurement hierarchy measured on a recurring basis include the following investments June 30, 2025 and 2024:

June 30, 2025	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
Fixed income mutual funds	\$ 924,770	\$ 924,770	\$ -
Equity mutual funds	1,266,600	1,266,600	-
Beneficial interest in assets held by community foundation	<u>3,028,627</u>	<u>-</u>	<u>3,028,627</u>
Total investments at fair value	<u>\$ 5,219,997</u>	<u>\$ 2,191,370</u>	<u>\$ 3,028,627</u>

June 30, 2024	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
Fixed income mutual funds	\$ 1,621,501	\$ 1,621,501	\$ -
Exchange traded funds	1,084,059	1,084,059	-
Equity mutual funds	654,875	654,875	-
Beneficial interest in assets held by community foundation	<u>2,827,733</u>	<u>-</u>	<u>2,827,733</u>
Total investments at fair value	<u>\$ 6,188,168</u>	<u>\$ 3,360,435</u>	<u>\$ 2,827,733</u>

The fair value of mutual funds and exchange traded funds is determined by reference to quoted market prices or other relevant market data as provided by the bank or broker.

Investments held at OCF in pooled funds are valued at the net asset value per unit as provided by OCF trustees. Net asset value is based on fair value of the underlying assets of the funds using quoted market prices when available determined using a market approach.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) include beneficial interest in assets held by community foundation as follows:

	<u>2025</u>	<u>2024</u>
Beginning of year	\$ 2,827,733	\$ 2,655,652
Contributions	2,428	-
Investment return, net	307,727	278,493
Distributions	<u>(109,261)</u>	<u>(106,412)</u>
End of year	<u>\$ 3,028,627</u>	<u>\$ 2,827,733</u>

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Receivable within one year	\$ 64,584	\$ 193,298
Receivable within two to five years	<u>225,402</u>	<u>188,067</u>
Total contributions receivable	289,986	381,365
Less discount for long-term pledges	(7,188)	(9,594)
Less allowance for uncollectible accounts	<u>(40,000)</u>	<u>-</u>
Contributions receivable, net	<u>\$ 242,798</u>	<u>\$ 371,771</u>

Discount rates ranging from 2.99% to 4.87% were applied in calculating the discount on long-term pledges.

6. INVENTORY

Donated food and essential household items inventory valuations totaling \$914,403 and \$778,602 at June 30, 2025 and 2024, respectively, are determined on poundage and an average price per pound of \$1.85 and \$1.79, respectively. Management has estimated the approximate average wholesale value of one pound of donated food product using a national study performed by a national hunger nonprofit, and other sources, as a guideline. Purchased food is valued at cost on a first-in-first-out basis.

7. NOTE RECEIVABLE

The Organization entered into a note receivable for \$1,400,000. The note includes interest at 6.75% with monthly interest only payments starting November 2024 with the balance due at maturity. The note matures October 2029.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

8. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 2,588,466	\$ 40,000
Building	4,927,187	120,000
Building improvements	63,990	144,197
Leasehold improvements	19,832	19,832
Furniture and equipment	510,763	548,368
Vehicles	289,742	289,742
Construction in progress	<u>81,508</u>	<u>-</u>
	8,481,488	1,162,139
Less accumulated depreciation	<u>(639,966)</u>	<u>(790,575)</u>
Property and equipment, net	<u>\$ 7,841,522</u>	<u>\$ 371,564</u>

Construction in progress relates to renovation to a new building purchased. The Organization anticipates improvements to be approximately \$1.6 million and to be completed in 2026.

9. LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. Right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from these leases. ROU assets and lease liabilities, all of which arise from operating leases, are calculated based on the present value of future lease payments over the lease terms.

The Organization's operating lease consist of a lease for office space with a remaining lease term of 16 months.

The Organization also has several short-term leases for equipment and space. See Note 17 for the valuation of donated space.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

9. LEASES, Continued

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating leases:		
Right-of-use-asset	<u>\$ 71,392</u>	<u>\$ 125,170</u>
Operating lease liability	<u>\$ 73,490</u>	<u>\$ 127,703</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term	1	2
Weighted average discount rate	2.88%	2.88%

The maturities of the lease liability as of June 30, 2025 are as follows:

Year ending June 30, 2026	\$ 55,750
2027	<u>18,705</u>
	74,455
Less discount/interest	<u>(1,458)</u>
Present value of lease liabilities	<u>\$ 72,997</u>

Total lease expense for the years ended June 30, 2025 and 2024 consists of the following:

	<u>2025</u>	<u>2024</u>
Occupancy (operating lease for office)	\$ 50,523	\$ 50,523
Occupancy (annual donated rent)	550,000	550,000
Occupancy (short-term lease)	159,178	-
Equipment and maintenance (short-term lease)	<u>2,460</u>	<u>2,460</u>
Total lease cost	<u>\$ 762,161</u>	<u>\$ 602,983</u>

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

10. GOODWILL

Goodwill at June 30, 2025 and 2024 is as follows:

	2025	2024
Goodwill	\$ 181,000	\$ 181,000
Less accumulated amortization	(90,500)	(72,400)
Goodwill, net	\$ 90,500	\$ 108,600

11. NOTE PAYABLE

Note payable of \$3,000,000 to Rivermark Community Credit Union carries interest at 5.69% and matures January 2035. Principal and interest payments due monthly of \$18,768 with a balloon due upon maturity of \$2,287,315. The note is secured by real property owned by the Organization and subject to certain covenants.

Future maturities of the note payable are as follows:

Year ending June 30, 2026	\$	57,326
2027		60,674
2028		63,772
2029		67,942
2030		71,911
Thereafter		2,654,925
		\$ 2,976,550

12. NET ASSETS WITH BOARD DESIGNATIONS

Net assets without donor restrictions that have been designated by the board are as follows at June 30, 2025 and 2024:

	2025	2024
Operating reserve	\$ 1,081,360	\$ 1,039,932
Facility acquisition project	-	4,700,000
Board designated endowment (Note 14)	4,450,547	4,137,993
Total board-designated net assets	\$ 5,531,907	\$ 9,877,925

The Board-designated operating reserve represents approximately 3 months of operating expenses.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

12. NET ASSETS WITH BOARD DESIGNATIONS, Continued

The Board of Directors designated \$4.7 million from available funds to acquire new property to replace the facilities the Organization has outgrown. A capital campaign was also initiated to raise additional funds over the next 4-5 years for any necessary improvements. New facilities were purchased in December 2024.

The board-designated endowment includes both investments held by the Organization and held by Oregon Community Foundation. See Note 4.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2025 and 2024 are as follows:

	2025	2024
Purpose restricted:		
Home delivery program	\$ 53,364	\$ 248,504
Pantry and other client services	94,256	226,259
Facility acquisition/ capital campaign	2,621,016	1,874,248
	2,768,636	2,349,011
Donor restricted endowment funds (Note 14)	592,441	552,715
Total net assets with donor restrictions	\$ 3,361,077	\$ 2,901,726

The funds restricted to facility acquisition/capital campaign will be released when the building has been placed in service which is anticipated to be 2026.

14. ENDOWMENT

Sunshine Division, Inc.'s endowment consists of donor-restricted and board-designated funds. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the board of directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions or board designations.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted Oregon's Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

14. ENDOWMENT, Continued

Interpretation of Relevant Law, Continued

As a result of this interpretation, the Organization classifies as net assets with perpetual restrictions, (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with perpetual restrictions is classified as net assets with expiring restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) Organization and the donor-restricted endowment fund purposes
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and investment appreciation
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Endowment net asset composition consists of the following at June 30, 2025 and 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2025			
Board-designated	\$ 4,450,547	\$ -	\$ 4,450,547
Donor-restricted	-	592,441	592,441
	<u>\$ 4,450,547</u>	<u>\$ 592,441</u>	<u>\$ 5,042,988</u>
June 30, 2024			
Board-designated	\$ 4,137,993	\$ -	\$ 4,137,993
Donor-restricted	-	552,715	552,715
	<u>\$ 4,137,993</u>	<u>\$ 552,715</u>	<u>\$ 4,690,708</u>

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

14. ENDOWMENT, Continued

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets - June 30, 2023	\$ 3,753,946	\$ 515,966	\$ 4,269,912
Investment return, net	468,765	58,443	527,208
Distributions from beneficial interest held by OCF	<u>(84,718)</u>	<u>(21,694)</u>	<u>(106,412)</u>
Endowment net assets - June 30, 2024	4,137,993	552,715	4,690,708
Investment return, net	421,815	39,726	461,541
Distributions from beneficial interest held by OCF	<u>(109,261)</u>	<u>-</u>	<u>(109,261)</u>
Endowment net assets - June 30, 2025	<u>\$ 4,450,547</u>	<u>\$ 592,441</u>	<u>\$ 5,042,988</u>

Endowment with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires Sunshine Division to retain as a fund of perpetual duration. In addition, Sunshine Division's Board of Directors interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater.

Investment Strategy and Endowment Spending Policies

For Board-designated endowment funds the Board of Directors of Sunshine Division has adopted investment and spending policies for Board-designated endowment assets that attempt to provide a consistent stream of income necessary to further the charitable objectives of Sunshine Division and then to secure sufficient growth in the invested assets to offset the impact of inflation and administrative expense.

For Board-designated endowment funds held by Oregon Community Foundation (reported as beneficial interest in assets held by community foundation on the statement of financial position), Sunshine Division has an agreement with OCF to distribute annually an appropriate percentage as determined by OCF's Board of Directors under its spending policy and based on the preceding 13-quarter average fund balance to Sunshine Division.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

14. **ENDOWMENT, Continued**

OCF follows a total-return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the investment portfolio, combining market-value changes (realized and unrealized), and current yield (interest and dividends). Funds held with OCF are invested in a mixture of equities, fixed-income instruments, and alternative investment classes, such as hedge funds, distressed debt, private investments, and cash. Sunshine Division believes the investment and spending policy is consistent with Sunshine Division's objective to maintain purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

15. **INCOME BENEFICIARY**

Sunshine Division is an income beneficiary of three funds established by donors at the Oregon Community Foundation: Walter and Clara Brownfield Sunshine Fund, Sunshine Division, Inc. Fund, and Juan Young VI Fund. Under the terms of the various fund agreements, OCF distributes not less often than annually an appropriate percentage of the fair market value of each fund. Sunshine Division received annual distributions from the funds of approximately \$74,400 and \$74,000 for the years ended June 30, 2025 and 2024, respectively. Distributions are unrestricted contributions in the period received.

16. **REVENUE FROM CONTRACTS WITH CUSTOMERS**

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits and deferred revenue (contract liabilities) on the statements of financial position.

All contract revenues were earned at a point in time and consisted entirely of Winter Wonderland gate fees amounting to \$1,041,354 and \$1,094,768 for years ended June 30, 2025 and 2024, respectively.

There were no contract asset and liability balances as of June 30, 2025, 2024, and 2023.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

17. DONATED GOODS AND SERVICES

Donated food and other goods, services and facilities included in the financial statements consisted of the following for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Food	\$ 3,475,288	\$ 3,319,458
Supplies	12,476	12,980
Rent	550,000	550,000
Use of vehicles	<u>33,500</u>	<u>33,650</u>
Total donated goods and services	<u>\$ 4,071,264</u>	<u>\$ 3,916,088</u>

See Note 6 for details on Sunshine Division's contributed food and clothing which are all used in program services. Contributed supplies are valued and reported at the estimated fair value in the financial statements based on current market rates and are used in program services.

Contributed rent and use of vehicles, facilities and equipment that have been provided for the Organization's use by independent third parties, are used in program services, and are valued and reported at estimated fair value based on current market rates for renting and/or leasing similar facilities and equipment.

18. RETIREMENT PLAN

Sunshine Division has a defined contribution plan covering all employees who have completed six months of employment and at least 1,000 hours. Sunshine Division makes a matching contribution equal to 50 percent of employee salary deferrals, not to exceed 2 percent of eligible compensation. In addition, Sunshine Division has made discretionary contributions of 3 percent of each eligible participant's compensation for each of the years ended June 30, 2025 and 2024. The Organization's contributions totaled approximately \$57,600 and \$47,000 for the years ended June 30, 2025 and 2024, respectively.

19. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in several financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration, up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits total approximately \$3,214,000 and \$3,074,000 as of June 30, 2025 and 2024, respectively.

SUNSHINE DIVISION, INC.
NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2025

19. **CONCENTRATIONS OF CREDIT RISK, Continued**

Investment securities, including investments held by OCF, are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

20. **UNEMPLOYMENT TRUST**

Sunshine Division is a participating member of the First Nonprofit Unemployment Savings Program, a revocable grantor trust composed of individual 501(c)(3) organizations. The Trust acts as a servicing agent for funds contributed by its participating members for payment of unemployment claims. As a participating member of the Trust, Sunshine Division is able to take advantage of the benefits of directly reimbursing unemployment claims generally at a lower cost than paying state unemployment taxes.

Contributions to the Trust are recommended by the Trust's actuary based on analyses of historical claims experience and current economic conditions in order to approximate future unemployment obligations of Sunshine Division. Claims are paid by the Trust on behalf of Sunshine Division to the State of Oregon for unemployment claims paid to former employees of Sunshine Division. The obligation for the estimated future claim liabilities of each participating member is ultimately the responsibility of that member. Since contributions are based on actuarial estimates, the amounts held in trust at a given time may be less than the potential future unemployment obligations of Sunshine Division.

21. **RELATED PARTY TRANSACTIONS**

Sunshine Division purchased boxes from a company owned by a member of the Board at competitive pricing totaling approximately \$59,800 for the year ended June 30, 2024.

Also, board members are an employee of banks where the Organization holds a loan and bank accounts.

Sunshine Division staff and directors are subject to the Board's conflict of interest policies and procedures, including annual disclosure and review of potentially conflicting relationships.