

STARability Foundation, Inc.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT THEREON

YEARS ENDED JUNE 30, 2021 AND 2020

STARability Foundation, Inc.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
STARability Foundation, Inc.
Naples, Florida

We have audited the accompanying financial statements of STARability Foundation, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 STARability Foundation, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rogers Wood Hill Starman & Gustason, P.A.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
November 19, 2021

STARability Foundation, Inc.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,019,173	\$ 670,968
Investments	1,680,057	1,535,138
Accounts receivable	4,178	3,377
Prepaid expenses	42,796	53,020
Land acquisition costs	34,272	-
Deposits	10,723	10,723
Beneficial interest in assets held by others	124,436	102,351
Property and equipment, net	<u>32,375</u>	<u>49,768</u>
 Total assets	 <u>\$ 2,948,010</u>	 <u>\$ 2,425,345</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 7,989	\$ 11,596
Deferred revenue	1,950	17,610
PPP loan	-	113,530
Total liabilities	<u>9,939</u>	<u>142,736</u>
Net assets		
Without donor restrictions		
Undesignated	1,980,303	1,325,076
Board designated operating reserve	900,000	900,000
Total unrestricted net assets	<u>2,880,303</u>	<u>2,225,076</u>
With donor restrictions		
Purpose restrictions	57,768	57,533
Total restricted net assets	<u>57,768</u>	<u>57,533</u>
Total net assets	<u>2,938,071</u>	<u>2,282,609</u>
 Total liabilities and net assets	 <u>\$ 2,948,010</u>	 <u>\$ 2,425,345</u>

STARability Foundation, Inc.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 298,457	\$ 30,000	\$ 328,457
Special events	1,225,892	-	1,225,892
Program income	124,019	-	124,019
PPP grant income	113,530	-	113,530
Grant income	42,250	20,000	62,250
STAR Store sales income	72,446	-	72,446
Membership fees	23,435	-	23,435
In-kind donation income	34,272	-	34,272
Investment return, net	291,087	-	291,087
Total support and revenue before net assets released from restrictions	2,225,388	50,000	2,275,388
Net assets released from restrictions	49,765	(49,765)	-
Total support and revenue	2,275,153	235	2,275,388
EXPENSES:			
Program services	1,047,257	-	1,047,257
Management and general	190,648	-	190,648
STAR Store	128,850	-	128,850
Fundraising	253,171	-	253,171
Total expenses	1,619,926	-	1,619,926
CHANGE IN NET ASSETS	655,227	235	655,462
NET ASSETS - BEGINNING OF YEAR	2,225,076	57,533	2,282,609
NET ASSETS - END OF YEAR	\$ 2,880,303	\$ 57,768	\$ 2,938,071

STARability Foundation, Inc.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 142,773	\$ 101,603	\$ 244,376
Special events	1,214,267	-	1,214,267
Program income	140,693	-	140,693
Grant income	77,500	50,000	127,500
STAR Store sales income	41,495	-	41,495
Membership fees	15,595	-	15,595
Investment return, net	(5,499)	-	(5,499)
Total support and revenue before net assets released from restrictions	1,626,824	151,603	1,778,427
Net assets released from restrictions	397,777	(397,777)	-
Total support and revenue	2,024,601	(246,174)	1,778,427
EXPENSES:			
Program services	826,721	-	826,721
Management and general	135,514	-	135,514
STAR Store	130,499	-	130,499
Fundraising	463,019	-	463,019
Total expenses	1,555,753	-	1,555,753
CHANGE IN NET ASSETS	468,848	(246,174)	222,674
NET ASSETS - BEGINNING OF YEAR	1,756,228	303,707	2,059,935
NET ASSETS - END OF YEAR	\$ 2,225,076	\$ 57,533	\$ 2,282,609

STARability Foundation, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>STAR Store</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and taxes	\$ 698,856	\$ 77,398	\$ 65,279	\$ 107,869	\$ 949,402
Office and administration	100,539	39,226	8,765	55,391	203,921
Professional fees	67,314	35,511	3,206	26,925	132,956
Occupancy	69,599	7,618	29,765	4,328	111,310
Event expenses	-	-	-	58,658	58,658
Insurance	25,655	26,841	2,003	-	54,499
Program expenses	51,934	-	-	-	51,934
Depreciation	24,577	-	-	-	24,577
STAR Store expenses	-	-	19,157	-	19,157
COVID-19 expenses	8,783	4,054	675	-	13,512
Total expenses	<u>\$ 1,047,257</u>	<u>\$ 190,648</u>	<u>\$ 128,850</u>	<u>\$ 253,171</u>	<u>\$ 1,619,926</u>

STARability Foundation, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>STAR Store</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and taxes	\$ 476,952	\$ 65,675	\$ 70,391	\$ 52,234	\$ 665,252
Event expenses	-	-	-	271,126	271,126
Office and administration	116,464	23,525	9,525	89,487	239,001
Professional fees	50,296	17,936	7,666	40,584	116,482
Occupancy	69,616	7,660	29,313	4,354	110,943
Program expenses	66,389	-	-	-	66,389
Insurance	20,525	19,231	785	5,234	45,775
Depreciation	23,257	-	-	-	23,257
STAR Store expenses	-	-	12,571	-	12,571
COVID-19 expenses	3,222	1,487	248	-	4,957
Total expenses	<u>\$ 826,721</u>	<u>\$ 135,514</u>	<u>\$ 130,499</u>	<u>\$ 463,019</u>	<u>\$ 1,555,753</u>

STARability Foundation, Inc.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 655,462	\$ 222,674
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,577	23,257
(Increase)/decrease in:		
Accounts receivable	(801)	90,271
Prepaid expenses	10,224	8,920
Land acquisition costs	(34,272)	-
Deposits	-	1,500
Increase/(decrease) in:		
Accounts payable and accrued expenses	(3,607)	(2,035)
Deferred revenue	(15,660)	4,945
Prepaid membership dues	-	(3,610)
Net cash provided by operating activities	<u>635,923</u>	<u>345,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in investments	(167,004)	(487,453)
Purchase of property and equipment	(7,184)	(1,267)
Net cash used by investing activities	<u>(174,188)</u>	<u>(488,720)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	113,530
Forgiveness of note payable	(113,530)	-
Net cash provided/(used) by financing activities	<u>(113,530)</u>	<u>113,530</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	348,205	(29,268)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>670,968</u>	<u>700,236</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,019,173</u>	<u>\$ 670,968</u>

STARability Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

STARability Foundation, Inc. (the "Organization") was organized under the laws of the State of Florida on June 13, 1983 as a non-profit corporation. The Organization's mission is to transform the lives of individuals with disabilities through social, vocational and educational connections to the community, while strengthening awareness and respect for individual abilities.

Basis of Accounting

The accounts of the Organization are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

Financial Statement Presentation

The financial statements and notes are a representation of the Organization's management who is responsible for their integrity and objectivity. The accounting policies conform to the basis of accounting defined above and have been consistently applied in the preparation of the financial statements.

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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions - Net assets subject to donor 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 stipulated 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted bank and similar deposits, demand accounts, money market funds and short-term investments with an original maturity of three months or less to be cash equivalents, except those held for long-term investment. The Organization maintains bank accounts with balances, which, at times may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor restrictions that limit the use of donated assets are treated as net assets with donor restrictions. When the restriction is met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

STARability Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Donated Assets and Contributed Services

Donations of investments and non-monetary assets are recorded at fair market value on the date donated. Members of the Organization provide substantial amounts of volunteer time in support of the Organization and its programs. However, the volunteer hours are not reflected in the financial statements since the services do not meet the criteria for recognition.

Investments and Investment Income

The Organization accounts for investments in accordance with the "Investments" topic of the FASB ASC. This standard requires investments in equity and debt securities be reported at fair value. Fair value is based on the quoted market price. Realized and unrealized gains or losses on investments are reflected in the statement of activities.

Investments are carried at fair market value. Both realized and unrealized gains and losses are included in the change in net assets and recorded as investment income. Investment income from donor restricted investments is recorded as unrestricted income if restrictions are met in the same reporting period.

Investment securities 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 possible that changes in the value of investment securities will occur in the near term, and such changes could materially affect the amounts reported on the statement of financial position.

Fair Value of Financial Instruments

The "Financial Instruments" topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash and cash equivalents, investments, receivables and payables. The Organization estimates that the fair value of all financial instruments at June 30, 2021 and 2020 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Property and Equipment

Property and equipment is recorded at cost, or if donated, at fair market value on the date of donation for items with a cost or donated fair value of \$500 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Components of property and equipment of the Organization are estimated to have a useful life of five years.

Support and Revenues

The Organization receives its support primarily from the community, local not-for-profit agencies and grants. Revenues are recorded as support when pledged if the contribution is unconditional and without any donor contingencies.

Deferred Revenue

The collection of dues, receipt of fees for services, and sale of event tickets are recognized in the period in which the income is earned.

STARability Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly to the program according to their natural expenditure classification. Non-direct expenses are allocated using a reasonable method determined by management.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities. Accordingly, no provision for income taxes has been made in these financial statements.

The Organization is in compliance with the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The tax returns for the fiscal years ending June 30, 2018 through June 30, 2021 are open to examination by the IRS.

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 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.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Change in Accounting Principle

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606), with retrospective application to the prior periods. There were no required changes to the prior year financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization routinely monitors liquidity to meet its operating needs and other contractual commitments. The Organization considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures, the Organization operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

STARability Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 2 - LIQUIDITY AND AVAILABILITY - continued

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

Cash and cash equivalents	\$ 1,019,173
Investments	1,680,057
Accounts receivable	4,178
Beneficial interest in assets held by others	124,436
Total financial assets	<u>2,827,844</u>
Less those unavailable for general expenditures within one year, due to:	
Board-designated investments	<u>(900,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,927,844</u>

Although the Organization does not intend to spend funds from the board-designated investments of \$900,000 (other than amounts appropriated for expenditure as approved by the Board of Directors), these amounts could be made available if necessary.

NOTE 3 - INVESTMENTS

Investments, at fair value, without donor restrictions, consist of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Cash and cash equivalents	\$ 371,260	\$ 371,260	\$ 23,266	\$ 23,266
Equity	674,875	882,103	597,343	630,376
Fixed income	376,819	379,463	831,805	833,213
Real estate	37,958	47,231	54,583	48,283
	<u>\$ 1,460,912</u>	<u>\$ 1,680,057</u>	<u>\$ 1,506,997</u>	<u>\$ 1,535,138</u>

Investment return, net, consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 30,044	\$ 47,615
Gains and losses	270,515	(44,212)
Investment management fees	(9,472)	(8,902)
	<u>\$ 291,087</u>	<u>\$ (5,499)</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The Organization measures fair value as set forth in the Statement of Financial Accounting Standard FASB ASC 820, "Fair Value Measurements." FASB ASC 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

STARability Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 4 - FAIR VALUE MEASUREMENTS - continued

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Cash and cash equivalents	\$ 371,260	\$ -	\$ -	\$ 371,260
Equity	882,103	-	-	882,103
Fixed income	379,463	-	-	379,463
Real estate	47,231	-	-	47,231
Beneficial interest in assets held by Community Foundation	-	-	124,436	124,436
	<u>\$ 1,680,057</u>	<u>\$ -</u>	<u>\$ 124,436</u>	<u>\$ 1,804,493</u>
	2020			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Cash and cash equivalents	\$ 23,266	\$ -	\$ -	\$ 23,266
Equity	630,376	-	-	630,376
Fixed income	833,213	-	-	833,213
Real estate	48,283	-	-	48,283
Beneficial interest in assets held by Community Foundation	-	-	102,351	102,351
	<u>\$ 1,535,138</u>	<u>\$ -</u>	<u>\$ 102,351</u>	<u>\$ 1,637,489</u>

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at June 30, 2021 and 2020:

	2021	2020
Furniture and fixtures	\$ 14,138	\$ 6,954
Vehicles	112,489	112,489
	126,627	119,443
Less: accumulated depreciation	(94,252)	(69,675)
Total	<u>\$ 32,375</u>	<u>\$ 49,768</u>

Depreciation expense for the years ended June 30, 2021 and 2020, was \$24,577 and \$23,257, respectively.

STARability Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Community Foundation of Collier County (CFCC) maintains an agency endowment (the "STARability Foundation Endowment Fund") for the benefit of the Organization. The Organization has granted CFCC's Board of Directors variance power which gives CFCC the power 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 CFCC's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The invested assets are subject to CFCC investment and spending policies. Invested assets are reported at fair value in the statements of financial position. Changes in the value of assets held by CFCC are reported as investment income in the statements of activities.

Assets held by CFCC for the benefit of the Organization are invested in pooled funds managed by Colonial Consulting. At June 30, 2021, the funds were invested in equity securities (60%) and fixed income securities (40%).

The changes of the Agency Fund for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Community Foundation endowment, beginning balance	\$ 102,351	\$ 99,408
Contributions received	100	-
Realized gains and losses	313	90
Unrealized gains and losses	20,258	1,352
Interest and dividends	2,281	2,298
Investment management fees	(867)	(797)
Community Foundation endowment, ending balance	<u>\$ 124,436</u>	<u>\$ 102,351</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
New Facility	\$ 14,235	\$ 14,235
COVID-19	-	43,298
Garden Project	26,028	-
STAR Connect Online	17,505	-
	<u>\$ 57,768</u>	<u>\$ 57,533</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the year ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Trailblazer Academy expenses	\$ -	\$ 300,227
STAR Store expenses	-	92,593
COVID-19 expenses	43,298	4,957
Garden Project expenses	3,972	-
STAR Connect Online expenses	2,495	-
	<u>\$ 49,765</u>	<u>\$ 397,777</u>

STARability Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 8 - SPECIAL EVENTS

Revenues and expenses from the Organization's special events are as follows :

<u>Event</u>	2021		
	Revenue		Excess
	<u>Recognized</u>	<u>Cost of Event</u>	<u>Revenues</u>
Gala	\$ 1,195,648	\$ 56,566	\$ 1,139,082
3K Run	16,626	1,483	15,143
Other events	13,618	609	13,009
Totals	\$ 1,225,892	\$ 58,658	\$ 1,167,234

<u>Event</u>	2020		
	Revenue		Excess
	<u>Recognized</u>	<u>Cost of Event</u>	<u>Revenues</u>
Gala	\$ 1,207,557	\$ 270,101	\$ 937,456
3K Run	6,710	1,025	5,685
Totals	\$ 1,214,267	\$ 271,126	\$ 943,141

NOTE 9 - PPP GRANT INCOME

During the year ended June 30, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$113,530 granted by the Small Business Administration under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The PPP provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of qualifying organizations. The loans are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, mortgage, rent and utilities and maintains payroll levels.

PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if the barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain payroll costs, mortgage, rent and utilities incurred following the receipt of funds. The Organization recognized the amount received of \$113,530 as grant income as management believes that all of the qualified expenses were incurred for the fiscal year ended June 30, 2021.

NOTE 10 - COMMITMENTS

Administrative Offices Lease Agreement

In September 2018, the Organization (the "Lessee") entered into a lease agreement for its administrative offices with a three-year term ended on November 30, 2021. The lease was renewed for an additional two-year term ending November 30, 2023. The lease requires monthly payments of \$4,469 ("Base Rent") plus applicable sale tax and reimbursement of common area expenses incurred by the lessor.

Minimum future annual rental payments are as follows:

Year Ending June 30,	Amount
2022	\$ 53,625
2023	53,625
	\$ 107,250

STARability Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 10 - COMMITMENTS - continued

Thrift Store Lease Agreement

On May 15, 2019, the Organization entered into a lease agreement for its thrift store (STAR Store) with a two-year term ended on May 15, 2021. The lease was renewed for an additional three-year term ending May 15, 2024. The lease requires monthly payments of \$1,486 ("Base Rent") plus applicable sale tax and reimbursement of common area expenses incurred by the lessor.

Minimum future annual rental payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 17,832
2023	17,832
2024	16,346
	<u>\$ 52,010</u>

NOTE 11 - RETIREMENT PLAN

The Organization has a 401(k) Profit Sharing Plan for the benefit of its salaried employees. The Organization matches up to 3% of the salaries of the eligible employees. For the years ended June 30, 2021 and 2020, profit sharing expense totaled \$10,202 and \$5,070, respectively.

NOTE 12 - CONCENTRATION OF CREDIT RISK - CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, the Organization's uninsured cash balances totaled \$710,371.

NOTE 13 - LINE OF CREDIT

On February 25, 2019, the Organization entered into a discretionary demand line of credit agreement with a financial institution in the amount of \$200,000. As of June 30, 2021 and 2020, there were no amounts outstanding.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Organization received \$66,389 and \$75,140 in contributions from members of the board of directors during the years ended June 30, 2021 and 2020, respectively.

NOTE 15 - CONCENTRATION OF REVENUE

During the year ended June 30, 2021 and 2020, 53% and 68% of the Organization's funding was provided by its annual Gala fundraising event.

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NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021 AND 2020

NOTE 16 - COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China. The virus has since spread to the United States and other countries resulting in a global pandemic. On April 1, 2020, the governor of the State of Florida issued a mandatory safer-at-home order for the entire state. As a result, non-essential businesses were temporarily required to significantly curtail operations or close altogether. Beginning in the summer of 2020, the governor began a phased re-opening of most businesses. At the onset, the pandemic has caused an increase in unemployment and a decrease in general economic conditions throughout the United States. As the pandemic continued into 2021, the economy has experienced supply chain issues and a significant shortage of workers throughout a variety of industries. The ultimate impact on the Organization's future operations cannot be determined at this time.

NOTE 17 - INTENTION TO GIVE LAND

During the year ended June 30, 2021, a donor expressed intent to donate a portion of the property known as the Lakewood Country Club in Naples, Florida, to the Organization. The prospective donor's intention to give property to the Organization has not yet been recorded because no specific property has been identified and no promise to give has been received. The Organization plans to construct a 15,000 to 20,000 square-foot facility on the property. Land acquisition costs in the amount of \$34,272 have been provided to the Organization pro bono and are recorded in the statement of financial position as land acquisition costs and in the statement of activities as in-kind donation income.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 19, 2021, which is the date the financial statements were available to be issued.