

**STARability Foundation, Inc.**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT THEREON

YEARS ENDED JUNE 30, 2022 AND 2021

**STARability Foundation, Inc.**  
**TABLE OF CONTENTS**

	<u>PAGE</u>
Independent Auditor's Report	1-2
Financial Statements -	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-17

# ROGERS WOOD HILL STARMAN & GUSTASON

PROFESSIONAL ASSOCIATION

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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
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OFFICES:  
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### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
STARability Foundation, Inc.  
Naples, Florida

#### **Opinion**

We have audited the accompanying financial statements of STARability Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STARability Foundation, Inc., as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 STARability Foundation, 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 STARability Foundation, 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.

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### INDEPENDENT AUDITOR'S REPORT, continued

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 STARability Foundation, 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 STARability Foundation, 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.

*Rogers Wood Hill Starman & Gustason, P.A.*

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.  
Certified Public Accountants & Advisors  
Naples, Florida  
September 15, 2022

**STARability Foundation, Inc.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,826,913	\$ 1,019,173
Investments	1,595,933	1,680,057
Accounts receivable	2,579	4,178
Prepaid expenses	51,296	42,796
Land acquisition costs	88,078	34,272
Deposits	11,223	10,723
Beneficial interest in assets held by others	107,005	124,436
Property and equipment, net	<u>28,559</u>	<u>32,375</u>
 Total assets	 <u>\$ 4,711,586</u>	 <u>\$ 2,948,010</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 22,037	\$ 7,989
Deferred revenue	<u>12,515</u>	<u>1,950</u>
Total liabilities	<u>34,552</u>	<u>9,939</u>
Net assets		
Without donor restrictions		
Undesignated	2,642,937	1,980,303
Board designated - operating reserve	900,000	900,000
Board designated - capital campaign	<u>922,018</u>	<u>-</u>
Total unrestricted net assets	<u>4,464,955</u>	<u>2,880,303</u>
With donor restrictions		
Purpose restrictions	<u>212,079</u>	<u>57,768</u>
Total restricted net assets	<u>212,079</u>	<u>57,768</u>
Total net assets	<u>4,677,034</u>	<u>2,938,071</u>
 Total liabilities and net assets	 <u>\$ 4,711,586</u>	 <u>\$ 2,948,010</u>

**STARability Foundation, Inc.**

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 395,125	\$ 197,844	\$ 592,969
Special events	3,255,872	-	3,255,872
Program income	209,699	-	209,699
Grant income	159,751	-	159,751
STAR Store sales income	89,261	-	89,261
Membership fees	20,900	-	20,900
In-kind donation income	53,806	-	53,806
Investment return, net	(121,226)	-	(121,226)
Total support and revenue before net assets released from restrictions	4,063,188	197,844	4,261,032
Net assets released from restrictions	43,533	(43,533)	-
Total support and revenue	4,106,721	154,311	4,261,032
EXPENSES:			
Program services	1,471,484	-	1,471,484
Management and general	243,381	-	243,381
STAR Store	144,611	-	144,611
Fundraising	662,593	-	662,593
Total expenses	2,522,069	-	2,522,069
CHANGE IN NET ASSETS	1,584,652	154,311	1,738,963
NET ASSETS - BEGINNING OF YEAR	2,880,303	57,768	2,938,071
NET ASSETS - END OF YEAR	\$ 4,464,955	\$ 212,079	\$ 4,677,034

**STARability Foundation, Inc.**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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 FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>STAR Store</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and taxes	\$ 1,001,536	\$ 100,724	\$ 83,943	\$ 126,817	\$ 1,313,020
Event expenses	-	-	-	404,449	404,449
Office and administration	110,251	54,399	10,598	81,766	257,014
Occupancy	89,706	10,123	24,747	5,062	129,638
Professional fees	85,076	30,776	-	2,718	118,570
Capital campaign consulting	-	38,991	-	38,991	77,982
Participant social activities	73,948	-	-	-	73,948
Insurance	55,055	8,368	930	2,790	67,143
STAR Store expenses	-	-	24,393	-	24,393
Other program expenses	21,213	-	-	-	21,213
Program supplies	19,579	-	-	-	19,579
Depreciation	15,120	-	-	-	15,120
<b>Total expenses</b>	<b>\$ 1,471,484</b>	<b>\$ 243,381</b>	<b>\$ 144,611</b>	<b>\$ 662,593</b>	<b>\$ 2,522,069</b>



**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
Participant social activities	34,989	-	-	-	34,989
Depreciation	24,577	-	-	-	24,577
STAR Store expenses	-	-	19,157	-	19,157
COVID-19 expenses	8,783	4,054	675	-	13,512
Other program expenses	10,675	-	-	-	10,675
Program supplies	6,270	-	-	-	6,270
<b>Total expenses</b>	<b><u>\$ 1,047,257</u></b>	<b><u>\$ 190,648</u></b>	<b><u>\$ 128,850</u></b>	<b><u>\$ 253,171</u></b>	<b><u>\$ 1,619,926</u></b>

**STARability Foundation, Inc.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,738,963	\$ 655,462
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,120	24,577
(Increase)/decrease in:		
Accounts receivable	1,599	(801)
Prepaid expenses	(8,500)	10,224
Land acquisition costs	(53,806)	(34,272)
Deposits	(500)	-
Increase/(decrease) in:		
Accounts payable and accrued expenses	14,048	(3,607)
Deferred revenue	10,565	(15,660)
PPP note payable	-	(113,530)
Net cash provided by operating activities	<u>1,717,489</u>	<u>522,393</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net change in investments	101,555	(167,004)
Purchase of property and equipment	(11,304)	(7,184)
Net cash provided/(used) by investing activities	<u>90,251</u>	<u>(174,188)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,807,740	348,205
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,019,173</u>	<u>670,968</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,826,913</u>	<u>\$ 1,019,173</u>
<b>NON CASH TRANSACTIONS:</b>		
Forgiveness of PPP note payable	<u>\$ -</u>	<u>\$ 113,530</u>

## STARability Foundation, Inc.

### NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022 AND 2021

#### 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 and for a capital campaign 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, 2022 AND 2021**

**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, 2022 and 2021 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, 2022 AND 2021**

**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, 2019 through June 30, 2022 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.

**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, 2022 AND 2021**

**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	\$ 2,826,913
Investments	1,595,933
Accounts receivable	2,579
Beneficial interest in assets held by others	107,005
Total financial assets	4,532,430
Less those unavailable for general expenditures within one year, due to:	
Board-designated - operating reserve	(900,000)
Board-designated - capital campaign	(922,018)
Purpose restrictions	(212,079)
Total	(1,034,107)
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,498,333

Although the Organization does not intend to spend funds from the board-designated - operating reserve of \$900,000 and board-designated - capital campaign of \$922,018 (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:

	2022		2021	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash and cash equivalents	\$ 387,166	\$ 387,165	\$ 371,260	\$ 371,260
Equity	582,510	633,961	674,875	882,103
Fixed income	556,162	532,532	376,819	379,463
Real estate	37,490	42,275	37,958	47,231
	\$ 1,563,328	\$ 1,595,933	\$ 1,460,912	\$ 1,680,057

Investment return, net, consists of the following:

	2022	2021
Interest and dividends	\$ 28,209	\$ 30,044
Gains and losses	(141,603)	270,515
Investment management fees	(7,832)	(9,472)
	\$ (121,226)	\$ 291,087

**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, 2022 AND 2021**

**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:

	2022			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Cash and cash equivalents	\$ 387,165	\$ -	\$ -	\$ 387,165
Equity	633,961	-	-	633,961
Fixed income	532,532	-	-	532,532
Real estate	42,275	-	-	42,275
Beneficial interest in assets held by Community Foundation	-	-	107,005	107,005
	<u>\$ 1,595,933</u>	<u>\$ -</u>	<u>\$ 107,005</u>	<u>\$ 1,702,938</u>
	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>

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following at June 30, 2022 and 2021:

	2022	2021
Furniture and fixtures	\$ 25,442	\$ 14,138
Vehicles	112,489	112,489
	137,931	126,627
Less: accumulated depreciation	(109,372)	(94,252)
Total	<u>\$ 28,559</u>	<u>\$ 32,375</u>

Depreciation expense for the years ended June 30, 2022 and 2021, was \$15,120 and \$24,577, respectively.

**STARability Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022 AND 2021**

**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, 2022, the funds were invested in equity securities (58%) and fixed income securities (42%).

The changes of the Agency Fund for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Community Foundation endowment, beginning balance	\$ 124,436	\$ 102,351
Contributions received	-	100
Realized gains and losses	1,676	313
Unrealized gains and losses	(20,725)	20,258
Interest and dividends	2,604	2,281
Investment management fees	(986)	(867)
Community Foundation endowment, ending balance	<u>\$ 107,005</u>	<u>\$ 124,436</u>

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Garden Project	-	26,028
STAR Connect Online	-	17,505
Capital Campaign	212,079	14,235
	<u>\$ 212,079</u>	<u>\$ 57,768</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
COVID-19 expenses	\$ -	\$ 43,298
Garden Project expenses	26,028	3,972
STAR Connect Online expenses	17,505	2,495
	<u>\$ 43,533</u>	<u>\$ 49,765</u>



**STARability Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022 AND 2021**

**NOTE 8 - SPECIAL EVENTS**

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

<u>Event</u>	2022		
	<u>Revenue Recognized</u>	<u>Cost of Event</u>	<u>Excess Revenues</u>
Gala	\$ 3,173,082	\$ 375,877	\$ 2,797,205
3K Run	55,845	12,512	43,333
Other events	26,945	16,060	10,885
Totals	<u>\$ 3,255,872</u>	<u>\$ 404,449</u>	<u>\$ 2,851,423</u>

  

<u>Event</u>	2021		
	<u>Revenue Recognized</u>	<u>Cost of Event</u>	<u>Excess 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	<u>\$ 1,225,892</u>	<u>\$ 58,658</u>	<u>\$ 1,167,234</u>

**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 and the loan has been forgiven.

**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
<u>2023</u>	<u>\$ 53,625</u>

**STARability Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022 AND 2021**

**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>
2023	\$ 17,832
2024	16,346
	<u>\$ 34,178</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, 2022 and 2021, profit sharing expense totaled \$16,531 and \$10,202, 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, 2022, the Organization's uninsured cash balances totaled \$2,486,647.

**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, 2022 and 2021, there were no amounts outstanding.

**NOTE 14 - RELATED PARTY TRANSACTIONS**

The Organization received \$189,945 and \$66,389 in contributions from members of the board of directors during the years ended June 30, 2022 and 2021, respectively.

**NOTE 15 - CONCENTRATION OF REVENUE**

During the year ended June 30, 2022 and 2021, 75% and 53% of the Organization's funding was provided by its annual Gala fundraising event.

**STARability Foundation, Inc.**

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2022 AND 2021**

**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 2022, the economy has experienced supply chain issues and a significant shortage of workers throughout a variety of industries.

**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 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.

During the year ended June 30, 2022, the Organization launched a capital campaign with a goal of \$26 million. The Organization received \$197,844 of capital campaign contributions, which are included in the net assets with donor restrictions in the statement of financial position (see Note 7) and in contribution income in the statement of activities. The Board of Directors designated \$1 million from unrestricted net assets to cover anticipated expenses of the capital campaign. As of June 30, 2022, the capital campaign expenses were \$77,982. The remaining balance of \$922,018 is recorded in the statement of financial position as board designated-capital campaign net assets.

The Board of Directors indicated their intentions to contribute approximately \$1.6 million towards the capital campaign over a period of time starting with December 31, 2021 through December 31, 2024.

**NOTE 18 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through September 15, 2022, which is the date the financial statements were available to be issued.