

STARVISTA

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
StarVista

Report on the Financial Statements

We have audited the accompanying financial statements of StarVista (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 StarVista as of June 30, 2021, 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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited StarVista's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022, on our consideration of StarVista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of StarVista's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StarVista's internal control over financial reporting and compliance.

Harrington Group

Oakland, California
January 27, 2022

STARVISTA

STATEMENT OF FINANCIAL POSITION

June 30, 2021

With comparative totals at June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
ASSETS				
Cash and cash equivalents (Note 2)	\$ 1,932,231	\$ 207,390	\$ 2,139,621	\$ 3,279,811
Accounts receivable	1,978,841		1,978,841	2,240,375
Pledges receivable, net (Note 4)	109,033		109,033	-
Investments (Note 5)	1,000		1,000	1,000
Prepaid expenses and other assets	181,100		181,100	167,312
Property and equipment (Note 6)	1,476,097		1,476,097	1,452,659
	\$ 5,678,302	\$ 207,390	\$ 5,885,692	\$ 7,141,157
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 305,307	\$ -	\$ 305,307	\$ 201,799
Accrued liabilities (Note 7)	1,237,786		1,237,786	1,601,787
Line of credit (Note 8)			-	-
Note payable (Note 9)	138,000		138,000	138,000
Paycheck protection program loan (Note 10)	2,490,000		2,490,000	2,490,000
	4,171,093	-	4,171,093	4,431,586
NET ASSETS				
Without donor restrictions	1,507,209		1,507,209	2,502,181
With donor restrictions (Note 13)		207,390	207,390	207,390
	1,507,209	207,390	1,714,599	2,709,571
	\$ 5,678,302	\$ 207,390	\$ 5,885,692	\$ 7,141,157

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

STARVISTA

STATEMENT OF ACTIVITIES
For the year ended June 30, 2021
With comparative totals for the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
REVENUE AND SUPPORT				
Government contracts	\$ -	\$ 11,901,858	\$ 11,901,858	\$ 12,853,667
Foundation grants	472,500	505,000	977,500	983,456
Program fees	970,044		970,044	1,001,741
Contributions	820,219		820,219	629,290
Miscellaneous income	413,914		413,914	159,711
Special events, net of expenses \$14,198	87,213		87,213	77,387
Net assets released from restrictions (Note 13)	12,406,858	(12,406,858)	-	-
TOTAL REVENUE AND SUPPORT	<u>15,170,748</u>	<u>-</u>	<u>15,170,748</u>	<u>15,705,252</u>
EXPENSES				
Program services	15,152,076		15,152,076	15,036,237
General and administration	14,338		14,338	3,101
Fundraising	999,306		999,306	823,719
TOTAL EXPENSES	<u>16,165,720</u>	<u>-</u>	<u>16,165,720</u>	<u>15,863,057</u>
CHANGE IN NET ASSETS	(994,972)	-	(994,972)	(157,805)
NET ASSETS, BEGINNING OF YEAR	<u>2,502,181</u>	<u>207,390</u>	<u>2,709,571</u>	<u>2,867,376</u>
NET ASSETS, END OF YEAR	<u>\$ 1,507,209</u>	<u>\$ 207,390</u>	<u>\$ 1,714,599</u>	<u>\$ 2,709,571</u>

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

STARVISTA

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

With comparative totals for the year ended June 30, 2020

	Program Services				Total Program Services	General and Administration	Fundraising	Total Expenses	
	Early Childhood and Family Services	Youth Empowerment Services	Wellness and Recovery Services	Clinical and Community Services				2021	2020
Salaries	\$ 3,614,144	\$ 1,454,624	\$ 2,798,529	\$ 923,698	\$ 8,790,995	\$ 1,323,483	\$ 643,476	\$ 10,757,954	\$ 10,425,897
Payroll taxes and employee benefits	690,399	312,684	529,151	203,228	1,735,462	241,535	110,345	2,087,342	2,006,605
Total personnel costs	<u>4,304,543</u>	<u>1,767,308</u>	<u>3,327,680</u>	<u>1,126,926</u>	<u>10,526,457</u>	<u>1,565,018</u>	<u>753,821</u>	<u>12,845,296</u>	<u>12,432,502</u>
Occupancy	287,701	157,684	421,952	170,174	1,037,511	169,628	9,354	1,216,493	1,191,776
Client related expenses	40,799	560,594	44,424	5,057	650,874			650,874	987,394
Professional fees	11,876	1,073	10,545	120,137	143,631	207,930		351,561	312,755
Supplies	21,322	40,747	53,073	8,758	123,900	193,653	23,712	341,265	165,869
Communications	72,843	24,375	70,089	18,019	185,326	98,304	8,490	292,120	204,967
Consultants and training	14,918	1,914	25,617	1,027	43,476	37,199	30,600	111,275	111,650
Depreciation and amortization					-	90,738		90,738	89,346
Insurance					-	83,306		83,306	81,587
Miscellaneous expenses	1,804	1,246	7,633	1,218	11,901	61,193	8,502	81,596	90,073
Equipment rental	11,457	6,998	14,267	2,711	35,433	8,487	13	43,933	38,976
Staff related expenses	4,859	1,265	5,789	1,852	13,765	11,903	245	25,913	39,332
Postage and printing	2,410	2,565	7,085	1,103	13,163	3,757	4,774	21,694	47,816
Travel and conferences	2,054	1,957	2,418	95	6,524	1,198	1,934	9,656	69,014
Total functional expenses before indirect expense allocation	<u>4,776,586</u>	<u>2,567,726</u>	<u>3,990,572</u>	<u>1,457,077</u>	<u>12,791,961</u>	<u>2,532,314</u>	<u>841,445</u>	<u>16,165,720</u>	<u>15,863,057</u>
Indirect expense allocation	881,278	473,745	736,261	268,831	2,360,115	(2,517,976)	157,861	-	-
TOTAL 2021 FUNCTIONAL EXPENSES AFTER INDIRECT EXPENSE ALLOCATION	<u>\$ 5,657,864</u>	<u>\$ 3,041,471</u>	<u>\$ 4,726,833</u>	<u>\$ 1,725,908</u>	<u>\$ 15,152,076</u>	<u>\$ 14,338</u>	<u>\$ 999,306</u>	<u>\$ 16,165,720</u>	
TOTAL 2020 FUNCTIONAL EXPENSES	<u>\$ 5,429,421</u>	<u>\$ 3,228,369</u>	<u>\$ 4,556,454</u>	<u>\$ 1,821,993</u>	<u>\$ 15,036,237</u>	<u>\$ 3,101</u>	<u>\$ 823,719</u>	<u>\$ 15,863,057</u>	

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

STARVISTA

STATEMENT OF CASH FLOWS
For the year ended June 30, 2021
With comparative totals for the year ended June 30, 2020

	2021	2020
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (994,972)	\$ (157,805)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	90,738	89,346
(Increase) decrease in operating assets:		
Accounts receivable	261,534	237,123
Pledges receivable, net	(109,033)	-
Prepaid expenses and other assets	(13,788)	(19,683)
Increase (decrease) in operating liabilities:		
Accounts payable	103,508	(137,309)
Accrued liabilities	(364,001)	492,355
	(1,026,014)	504,027
CASH FLOWS (TO) INVESTING ACTIVITIES:		
Purchase of property and equipment	(114,176)	(190,532)
	(114,176)	(190,532)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings on line of credit	400,000	900,000
Payments on line of credit	(400,000)	(900,000)
Proceeds from paycheck protection program loan	-	2,490,000
	-	2,490,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,140,190)	2,803,495
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,279,811	476,316
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,139,621	\$ 3,279,811

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

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. Organization

StarVista is a nonprofit 501(c)(3) organization incorporated in the State of California. StarVista's major sources of revenue are government contracts, foundation, and other grants. StarVista provides a comprehensive array of free or low-cost multi-lingual social services to residents of San Mateo County and Santa Clara County. StarVista is dedicated to helping children, youth, and adults make positive changes in their lives providing them with the support and tools to build their skills and enhance their strengths. The following programs aid in achievement of these goals:

Early Childhood and Family Services:

Early Childhood Community Team – Strives to foster healthy cognitive, emotional, and social development for children prenatal through age five(5), with a special focus on infants and children under three(3). StarVista serves children and their families located specifically in the Half Moon Bay, Pescadero, La Honda, Daly City, South San Francisco, and Redwood City Communities.

Child and Parent Services – Provides range of services including family and individual therapy, parent education, parenting support, case management, as well as parenting groups in the community. These services are available to any family with a child 0-18. The focus of the program is to reduce caregiver stress through a strength-based and short-term approach. This program currently serves families residing in Daly City, South San Francisco, San Bruno, San Mateo, and Half Moon Bay.

CalOES – Provides mental health, parent education, case management, and mental health workshops to families with youth ages 0-18 who live in San Mateo County and have had a report made to child welfare. The services aim to reduce risk factors for each family while also strengthening protective factors. Services are short-term and are provided via telehealth, home visiting, or the community.

Differential Response – A home visiting program that provides both individual and family therapy as well as case management services for families who have been referred by Child Protective Services and evaluated as low to moderate risk of neglect or abuse. To strengthen the family's ability to function, case managers help link the families to resource centers, in-home therapy, and other services in schools and the local community.

ECMHC Program – Provides mental health consultation, early intervention services, and clinical support for parents and caregivers on-site at subsidized childcare centers. The focus is on improving their ability to observe, understand, and respond to the needs of both the children and parents within their own programs.

Healthy Homes – A county-wide, comprehensive, family support program serving pregnant women and families, with children birth through age 5, who are facing a variety of stressors in their lives. Through the provision of groups, parent support, education, and mental health services, Healthy Homes strives to prevent child abuse and neglect, enhance the parent-child relationship, and reduce the impact of risk factors such as domestic violence, trauma, poverty, food insecurity, substance abuse, mental illness, and language barriers, among others.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Crisis Intervention and Suicide Prevention Center – Provides education and crisis intervention services for schools, a 24-hour suicide crisis hotline, online teen support and chatroom, an alcohol and drug helpline, and a parent support hotline. The program also provides the community with presentations regarding mental health topics such as general mental health information, suicide prevention, and cyberbullying.

Children and Family Resource Center – Provides clinical services for children and families in San Mateo County's most vulnerable communities. StarVista collaborates closely with school administrators and educators to identify students who would benefit from therapeutic services.

Health Ambassador Program - Youth (also known as HAP-Y) – Seeks to train youth aged 16-24 to become health ambassadors. Training covers common challenges in mental wellness, learning the signs and risks of suicide, suicide prevention, and how to access mental health services.

Clinical and Community Services:

Counseling Center – Provides affordable family counseling services for children, adolescents, adults, and families, covering relationship issues, behavioral concerns, depression/anxiety, life transitions, peer conflicts, homework stress, self-esteem, and more. Clients are able to learn new coping strategies, change negative patterns, and increase parenting skills.

The Children's Place – Offers prevention services for children of parents who are addicted to drugs or alcohol. In an effort to break the cycle of addiction, the program uses education and counseling to teach children about addiction, help them learn healthy coping and safety skills, build their self-esteem, and help them realize that they are not alone.

Foster Youth Education and Enrichment Services – is an innovative program dedicated to support foster youth in San Mateo County in achieving successful outcomes in education and enrichment by providing case management services to children in foster care, grades Kindergarten – 8th grade. Through assessing, intervening, and providing comprehensive services to children in foster care, this program improves outcomes for our children in foster care.

Pride Center – Provides intensive support services for individuals and families in the LGBTQ+ community. The Center is a partnership between StarVista and the various organizations in the community.

Wellness and Recovery Services:

Archway – Provides court-mandated education and counseling for adults convicted of domestic violence offences, drug possession, being under the influence of illegal drugs, or driving under the influence of drugs or alcohol. Participants learn about addiction, anger management, stress management and communication, as well as the legal and social consequences of their actions.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Insights – A voluntary drug and alcohol recovery program that empowers youth to take responsibility and facilitate positive, lasting changes for themselves and for their families. Through case management, individual, group, and family counseling, participants learn about anger management, relationships, mental health, communicating with parents, and more.

School Based Services – School Based-sends qualified mental health clinicians into more than 30 elementary and high schools to provide a myriad of services, including individual and group therapy, assessment, psycho-education, crisis intervention, classroom presentations and teacher consultation. The goal of this program is to improve aspects of students' lives that may lead to enhanced school performance and engagement in learning.

First Chance Detox - A 4-bed facility serving clients in all of San Mateo County with substance use disorders who are actively withdrawing from the effects of alcohol or other drugs. When admitted, clients are allowed to detox in the comfort of our facility for approximately 3-7 days. Clients may remain longer if their condition requires. Clients are closely monitored by our trained staff and receive medical and mental health referrals as needed.

First Chance Sobering Station – A 24-hour program that serves as an alternative to jail for persons arrested for driving under the influence or public intoxication. Services include housing during the period of inebriation, substance abuse assessment, referral services and extended case management.

Women's Enrichment Center – An intensive day treatment program for women diagnosed with both substance abuse and mental health issues. Clients attend five-hour classes five days a week, “receive group and individual therapy and learn” about addiction and mental health while managing housing, occupational, finance, parenting, medical, and dental issues.

DUI - Helping offenders comply with local court, state system, and DMV mandates. Services include individual and group counseling and education, with daytime, evening, and weekend groups available through first offender and multiple offender programs.

Youth Empowerment Services:

Daybreak – Provides transitional housing and independent living skills training for homeless teens aged 16-21. Residents participate in a structured twelve-month program where they are required to attend school, work, and save a portion of their paychecks. Youth are connected to medical and mental health services, and learn how to shop, cook, manage their money, find, and maintain a job, and locate housing.

GIRLS Program – An intensive court-mandated program that provides assessment, counseling, and case management services for incarcerated girls aged 13-18. The program's goals are to improve the young women's psychological well-being, physical health, emotional stability, family/social interactions, occupational readiness, and intellectual growth.

Institutions (for GIRLS) - Offers individual, group, and case management services for youth currently incarcerated. Provides after-care case management services for youth that have been released on probation.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Transitional Housing Youth Services – A program that provides housing or rental assistance with comprehensive supportive case management services for qualified former foster care and probation youth ages 18 to 24. Youth participating in this program are required to work and/or go to school while learning independent living skills.

Mindfulness Based Substance Abuse Treatment (MBSAT) – Helping individuals improve their overall wellness. Services provided exclusively to young people in the community that are attempting to overcome stress, anxiety, substance use and improve. Participants will learn to stay present, work through life's stressors more effectively, and reduce the need for substances to cope.

Your House South – Provides 24-hour emergency and temporary housing for runaway and homeless youth and those whose families are in crisis. Youth up to age 17 participate in a structured program that includes individual, group, and family counseling, with a goal of reuniting the youth with their families.

Youth Development Initiative – Promotes and advocates the healthy development of youth through leadership resiliency groups, peer mediation and youth advisory board. High-school students are able to learn about and survey health and wellness, be trained to provide peer mediation and conduct research to reflect the current areas of need reported by youth in our community.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

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:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

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.

Cash and Cash Equivalents

StarVista considers all short-term investments with an original maturity date of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are receivables from governmental agencies and are considered fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Concentration of Credit Risks

StarVista places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. StarVista has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2021 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of StarVista's receivables consist of earned fees from contract programs granted by governmental agencies.

Investments

StarVista values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statements of Activities as gain (loss) on investments. Short-term highly liquid certificate of deposit that is not used for operations is treated as investments under a conservative investment policy developed by the Board.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets which range from five to twenty-seven- and one-half years. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$2,500 and the useful life is greater than one year.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial 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 are recorded at fair value in the period received.

A number of unpaid volunteers have made significant contributions of their time to StarVista. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

Income Taxes

StarVista is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by StarVista in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. StarVista's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Revenue and Revenue Recognition

StarVista recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. 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 met.

A portion of StarVista's revenue is derived from cost-reimbursable federal, state, and county contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when StarVista has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

StarVista has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of StarVista's financial reporting.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. **Summary of Significant Accounting Policies**, continued

Analysis of various provisions of this standard resulted in no significant changes in the way StarVista recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Functional Allocation of Expenses

The costs of providing StarVista's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with StarVista's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

3. **Liquidity and Availability of Resources**

StarVista regularly monitors its liquidity to meet the operating needs of the organization. StarVista has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivables, as well as \$1.5 million credit line from financial institutions.

In addition to financial assets available to meet its general expenditures, StarVista operates annually with a balanced budget approved by the Board of Directors and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

As of June 30, 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$2,139,621
Accounts receivable and pledges receivable, net	<u>2,087,874</u>
Total financial assets at year-end	4,227,495
Less: donor restricted funds	<u>(207,390)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$4,020,105</u>

4. Pledges Receivable

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Additionally, all pledges are valued at their estimated fair value and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2021. Discounts, when appropriate, on those amounts are computed using Internal revenue Services life expectancy index applicable to the years in which the promises are received. Total amount of pledges receivable at June 30, 2021 is \$109,033, which represents as follows:

Pledges receivable, gross	\$118,735
Less: unamortized discount on pledges receivable	<u>(9,702)</u>
	<u>\$109,033</u>
Gross pledges amounts due in:	
One to three years	\$ 87,410
Three to five years	<u>31,325</u>
	<u>\$118,735</u>

5. Investments

Investments at June 30, 2021 consist of other investments in the amount of \$1,000.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

6. Property and Equipment

Property and equipment at June 30, 2021 consist of the following:

Land	\$ 640,535
Building	674,378
Leasehold improvements	753,401
Furniture and equipment	<u>344,233</u>
	2,412,547
Less: accumulated depreciation and amortization	<u>(936,450)</u>
	<u>\$1,476,097</u>

Depreciation and amortization expense for the year ended June 30, 2021 was \$90,738.

7. Accrued Liabilities

Accrued liabilities at June 30, 2021 consist of the following:

Accrued vacation	\$ 728,844
Accrued salaries and payroll taxes	375,442
Other accrued liabilities	<u>133,500</u>
	<u>\$1,237,786</u>

8. Line of Credit

StarVista has a revolving line of credit with a bank, in the amount of \$500,000, at an interest rate equal to the greater of a floating rate equal to the index plus 0.00% ("the Index Rate") or the Floor Rate of 5.00%, due February 2022. The Index Rate is the Prime Rate set by the bank from time to time. The line of credit is renewable annually. At June 30, 2021, there was no outstanding balance.

StarVista has a second revolving line of credit with a bank, in the amount of \$1,000,000, at an interest rate equal to the greater of a floating rate equal to the index plus 0.00% ("the Index rate") or the Floor Rate of 5.00%, due July 2022. The Index Rate is the Prime Rate set by the bank from time to time. The line of credit is renewable annually. At June 30, 2021, there was no outstanding balance.

9. Note Payable

StarVista has a non-interest-bearing note payable to various local governments, collateralized by land and building, payable in one installment of \$138,000 in June 2040. At the time the principal is repaid, the note holders are entitled to payment, representing their proportional share of appreciation of the land and building. At June 30, 2021, the outstanding balance was \$138,000.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

10. Paycheck Protection Program Loan

In May 2020, StarVista received loan proceeds in the amount of \$2,490,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after a period of up to twenty-four weeks (“the covered period”) as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its full-time equivalency levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

Any unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral period for loan payments of either (1) the date that Small Business Administration (“SBA”) remits the borrower’s loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period. There is no certainty that the loan will qualify for forgiveness, in whole or in part. However, StarVista intends to use the proceeds for purposes consistent with the PPP guidelines.

The SBA reserves the right to review any loan in their discretion and the SBA will review any loan over \$2 million. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

11. Employee Benefit Plans

StarVista sponsors a section 403(b) and a 401(k) salary reduction plans. Eligible employees can make voluntary contributions up to the extent allowable by law. StarVista determines annually if it will make discretionary contributions to the plans. For the year ended June 30, 2021, StarVista did not make any discretionary contributions.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

12. Commitments and Contingencies

Obligations Under Operating Leases

StarVista leases real property and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending June 30,</u>	
2022	\$ 822,052
2023	448,415
2024	179,613
2025	163,937
2026	<u>81,012</u>
	<u>\$1,695,029</u>

Rent expense under operating leases for the year ended June 30, 2021 was \$1,013,542.

Contracts

StarVista's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, StarVista has no provision for the possible disallowance of program costs on its financial statements.

Impact of COVID-19 Virus

As the after-effects of the COVID-19 pandemic continue to disrupt the global economy, StarVista remained vigilant in being fiscally responsible running its operations in fiscal year 20-21. With guidance from our Board of Directors, StarVista applied and received a PPP of \$2,490,000.00 from Beneficial State Bank, some of which was used during the fiscal year. Also, the development team took a proactive approach in reaching out to potential and recurring donors in asking for various COVID-related funding. Through the use of these funds, along with the loan, StarVista was able to provide protection for our staff through purchasing PPE supplies, performing deep sanitation of its facilities, providing increase in pay ("hazard pay") for its staff working physically in the 24/7 facilities and in the office, and purchasing software and hardware equipment such as laptops, Zoom licenses, Hellosign licenses, headphones, cellphones, and etc., to all staffs who wanted to work remotely. Just like in fiscal year 19-20, StarVista remained fully functional in providing services throughout San Mateo County during fiscal year 20-21, with minimal disruption on how StarVista provided services. Although StarVista is uncertain of the full extent of COVID-19 impact on its future operations, StarVista remains fully committed to providing services to its clients throughout the entire San Mateo County and beyond.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

13. Net Assets With Donor Restrictions

Net assets with donor restriction at June 30, 2021, consist of the following:

Daybreak loan – purpose restriction	<u>\$207,390</u>
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StarVista owns and operates a transitional youth housing center which houses the Daybreak program. The building was purchased through Community Development Block Grant (“CDBG”) loans passed through from local government units (see Note 8). This building is restricted as to use for transitional youth housing, and is currently classified under the Daybreak program.

For the year ended June 30, 2021, net assets released from purpose restrictions were \$12,406,858.

14. Subsequent Events

On July 20, 2021, \$824,085 in principal and \$9,889 in interest of StarVista’s PPP loan were forgiven by the SBA.

On July 29, 2021, StarVista signed a note payable with a bank in the amount of \$1,665,915, for the unforgiven portion of the PPP loan. The note bears an interest of 1% per year and requires monthly payments of \$37,734. The note is due May 2025.

Your House South (YHS), one of StarVista’s long-standing programs, closed its facilities on September 30, 2021. For many years, StarVista had received County funding which supported YHS, but the funding no longer became available. The program continued to face funding challenges and decline in youth services, but was able to operate through generous, one-time donations through our community partners. Over the years, YHS has served 694 individuals with housing and crisis intervention services, as well as 13,800 nights of shelter. Despite the closure, StarVista continues to serve the homeless youths in San Mateo County through its other programs.

Management has evaluated subsequent events through January 27, 2022, the date which the financial statements were available for issue. Except as described above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.