

**STARVISTA**

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**FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
StarVista

### **Opinion**

We have audited the accompanying financial statements of StarVista (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of StarVista, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about StarVista's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT

continued

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### Auditors' 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 auditors' 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, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 StarVista'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 StarVista'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.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited StarVista's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 February 22, 2023, 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

February 22, 2023

## STARVISTA

### STATEMENT OF FINANCIAL POSITION

June 30, 2022

With comparative totals at June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 310,310	\$ 282,390	\$ 592,700	\$ 2,139,621
Accounts receivable	4,268,651		4,268,651	1,978,841
Pledges receivable, net (Note 4)	131,066		131,066	109,033
Investments (Note 5)	1,000		1,000	1,000
Prepaid expenses and other assets	235,439		235,439	181,100
Property and equipment (Note 7)	1,456,248		1,456,248	1,476,097
<b>TOTAL ASSETS</b>	<b>\$ 6,402,714</b>	<b>\$ 282,390</b>	<b>\$ 6,685,104</b>	<b>\$ 5,885,692</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 121,278	\$ -	\$ 121,278	\$ 305,307
Accrued liabilities (Note 8)	1,215,180		1,215,180	1,237,786
Lines of credit (Note 9)	1,500,000		1,500,000	-
Note payable (Note 10)	138,000		138,000	138,000
Paycheck protection program loan (Note 11)	1,301,084		1,301,084	2,490,000
<b>TOTAL LIABILITIES</b>	<b>4,275,542</b>	<b>-</b>	<b>4,275,542</b>	<b>4,171,093</b>
<b>NET ASSETS</b>				
Without donor restrictions	2,127,172		2,127,172	1,507,209
With donor restrictions (Note 15)		282,390	282,390	207,390
<b>TOTAL NET ASSETS</b>	<b>2,127,172</b>	<b>282,390</b>	<b>2,409,562</b>	<b>1,714,599</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,402,714</b>	<b>\$ 282,390</b>	<b>\$ 6,685,104</b>	<b>\$ 5,885,692</b>

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

**STARVISTA**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>REVENUE AND SUPPORT</b>				
Government contracts	\$ -	\$ 13,414,573	\$ 13,414,573	\$ 11,901,858
Foundation grants	441,900	750,500	1,192,400	977,500
Program fees	1,067,340		1,067,340	970,044
Contributions	325,543		325,543	820,219
Miscellaneous income	208,477		208,477	413,914
Special events, net of expenses \$27,455	73,165		73,165	87,213
Net assets released from restrictions (Note 15)	14,090,073	(14,090,073)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>16,206,498</b>	<b>75,000</b>	<b>16,281,498</b>	<b>15,170,748</b>
<b>EXPENSES</b>				
Program services	15,432,611		15,432,611	15,152,076
General and administration	61,466		61,466	14,338
Fundraising	916,543		916,543	999,306
<b>TOTAL EXPENSES</b>	<b>16,410,620</b>	<b>-</b>	<b>16,410,620</b>	<b>16,165,720</b>
<b>CHANGE IN NET ASSETS</b>	<b>(204,122)</b>	<b>75,000</b>	<b>(129,122)</b>	<b>(994,972)</b>
<b>OTHER CHANGES</b>				
Paycheck protection program loan forgiveness (Note 11)	824,085		824,085	-
<b>CHANGE IN NET ASSETS AFTER OTHER CHANGES</b>	<b>619,963</b>	<b>75,000</b>	<b>694,963</b>	<b>(994,972)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,507,209</b>	<b>207,390</b>	<b>1,714,599</b>	<b>2,709,571</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,127,172</b>	<b>\$ 282,390</b>	<b>\$ 2,409,562</b>	<b>\$ 1,714,599</b>

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

STARVISTA

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	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				2022	2021
Salaries	\$ 3,857,994	\$ 1,513,637	\$ 2,705,900	\$ 831,278	\$ 8,908,809	\$ 1,531,187	\$ 599,411	\$ 11,039,407	\$ 10,757,954
Payroll taxes and employee benefits	706,839	289,031	500,036	162,661	1,658,567	237,667	119,000	2,015,234	2,087,342
Total personnel costs	4,564,833	1,802,668	3,205,936	993,939	10,567,376	1,768,854	718,411	13,054,641	12,845,296
Occupancy	137,995	110,463	386,783	179,767	815,008	175,845	8,964	999,817	1,216,493
Client related expenses	40,238	620,673	70,792	15,125	746,828			746,828	650,874
Professional fees	13,861	9,161	14,117	120,013	157,152	236,171		393,323	351,561
Communications	77,030	23,732	92,528	21,060	214,350	44,135	9,061	267,546	292,120
Staff related expenses	36,699	79,774	4,406	934	121,813	129,614	135	251,562	25,913
Supplies	33,137	10,618	28,135	6,362	78,252	118,494	23,645	220,391	341,265
Consultants and training	20,603	877	81,063	3,075	105,618	22,895	3,413	131,926	111,275
Depreciation and amortization					-	105,608		105,608	90,738
Miscellaneous expenses	1,493	1,444	1,649	3,351	7,937	70,619	12,906	91,462	81,596
Insurance					-	86,425		86,425	83,306
Equipment rental	2,156	13,578	12,495		28,229	624	114	28,967	43,933
Postage and printing	4,413	2,089	8,646	3,302	18,450	3,159	2,644	24,253	21,694
Travel and conferences	2,428	1,770	1,362	591	6,151	1,631	89	7,871	9,656
Total functional expenses before indirect expense allocation	4,934,886	2,676,847	3,907,912	1,347,519	12,867,164	2,764,074	779,382	16,410,620	16,165,720
Indirect expense allocation	986,881	529,571	781,379	267,615	2,565,447	(2,702,608)	137,161	-	-
<b>TOTAL 2022 FUNCTIONAL EXPENSES AFTER INDIRECT EXPENSE ALLOCATION</b>	<b>\$ 5,921,767</b>	<b>\$ 3,206,418</b>	<b>\$ 4,689,291</b>	<b>\$ 1,615,134</b>	<b>\$ 15,432,611</b>	<b>\$ 61,466</b>	<b>\$ 916,543</b>	<b>\$ 16,410,620</b>	
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 5,657,864	\$ 3,041,471	\$ 4,726,833	\$ 1,725,908	\$ 15,152,076	\$ 14,338	\$ 999,306		\$ 16,165,720

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



# STARVISTA

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	2022	2021
<b>CASH FLOWS (TO) FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 694,963	\$ (994,972)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation and amortization	105,608	90,738
Paycheck protection program loan forgiveness	(824,085)	-
(Increase) decrease in operating assets:		
Accounts receivable	(2,289,810)	261,534
Pledges receivable, net	(22,033)	(109,033)
Prepaid expenses and other assets	(54,339)	(13,788)
Increase (decrease) in operating liabilities:		
Accounts payable	(184,029)	103,508
Accrued liabilities	(22,606)	(364,001)
	<b>(2,596,331)</b>	<b>(1,026,014)</b>
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS (TO) INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(85,759)	(114,176)
	<b>(85,759)</b>	<b>(114,176)</b>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New borrowings on lines of credit	1,500,000	400,000
Payments on lines of credit	-	(400,000)
Payments on paycheck protection program loan	(364,831)	-
	<b>1,135,169</b>	<b>-</b>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,546,921)</b>	<b>(1,140,190)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,139,621</b>	<b>3,279,811</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 592,700</b>	<b>\$ 2,139,621</b>

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

# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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### 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

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### 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 – 8<sup>th</sup> 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.

### 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 Department of Motor Vehicles (“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.

# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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### 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.

*Community Wellness and Crisis Response Team (CWCRT)* - CWCRT is a collaborative initiative of San Mateo County BHRS, Star Vista, and four law enforcement agencies (South San Francisco, San Mateo, Redwood City and Daly City); designed to improve outcomes when responding to community members experiencing a mental health crisis. This initiative uses the co-response model, which pairs a clinician with a law enforcement officer.

### 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.

continued

# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2022 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

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

#### Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

StarVista is required to measure certain investments, pledged contributions, and non-cash contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

#### 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.

#### 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.

# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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

#### 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, 2021, 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.

As of June 30, 2022, 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	\$ 592,700
Accounts receivable	4,268,651
Pledges receivable	<u>84,891</u>
Total financial assets at year-end	4,946,242
Less: donor restricted funds	<u>(282,390)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$4,663,852</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, 2022. Discounts, when appropriate, on those amounts are computed using Internal Revenue Service's life expectancy index applicable to the years in which the promises are received. Total amount of pledges receivable at June 30, 2022 is \$131,066, which represents as follows:

Pledges receivable, gross	\$143,550
Less: unamortized discount on pledges receivable	<u>(12,484)</u>
	<u>\$131,066</u>

continued



# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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### 4. Pledges Receivable, continued

Gross pledges amounts due in:	
One to two years	\$ 84,891
Three to four years	<u>46,175</u>
	<u>\$131,066</u>

### 5. Investments

Investments at June 30, 2022 consist of other investments in the amount of \$1,000.

### 6. Fair Value Measurements

The table below present the balances of assets measured at fair value on a recurring basis during the year ended June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Other investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,000</u>	<u>\$1,000</u>

The fair value of other investments is measured on a recurring basis as determined by quotes obtained from underlying investment holder (Level 3 inputs).

The table below present the balances of assets measured at fair value on a non-recurring basis during the year ended June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledged contributions - new	<u>\$ -</u>	<u>\$44,250</u>	<u>\$ -</u>	<u>\$44,250</u>

The fair value of pledged contributions – new is measured on a non-recurring basis based on the value provided by the donor at the date of pledge (Level 2 inputs).

### 7. Property and Equipment

Property and equipment at June 30, 2022 consist of the following:

Land	\$ 640,535
Building	674,378
Leasehold improvements	701,592
Furniture and equipment	<u>344,233</u>
	2,360,738
Less: accumulated depreciation and amortization	<u>(904,490)</u>
	<u>\$1,456,248</u>

Depreciation and amortization expense for the year ended June 30, 2022 was \$105,608.

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# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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### 8. Accrued Liabilities

Accrued liabilities at June 30, 2022 consist of the following:

Accrued vacation	\$ 646,476
Accrued salaries and payroll taxes	566,250
Other accrued liabilities	<u>2,454</u>
	<u>\$1,215,180</u>

### 9. Lines 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 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, 2022, there was an outstanding balance of \$500,000.

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, 2022, there was an outstanding balance of \$1,000,000.

### 10. 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, 2022, the outstanding balance was \$138,000.

### 11. 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.

In July 2021, a partial PPP loan forgiveness for \$824,085 was approved by the Small Business Administration ("SBA"). Revenue related to forgiveness of the loan was recorded and presented in the Statement of Activities.

continued

# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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### 11. Paycheck Protection Program Loan, continued

In July 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.

In September 2021, StarVista started making payments on the loan. The outstanding balance of the loan at June 30, 2022 was \$1,301,084.

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.

### 12. Impact of COVID-19 Virus

StarVista's operations for fiscal year 21-22 were significantly affected by the COVID-19 pandemic. For fiscal year 21-22, we took aggressive measures to reduce costs by closing underperforming programs including Your House South (YHS), GIRLS, and Institutions. Despite the challenges, the agency remained fully operational during the fiscal year. StarVista continues to monitor and assess other programs and their potential impacts on its cash flow, operations, and financial position.

Because of the pandemic, we saw an increase in mental health challenges and demand for our services. Greater awareness of these mental health challenges provided an opportunity for growth in the form of new programs and additional funding sources. For fiscal year 21-22, StarVista added a new program: the Community Wellness and Crisis Response Team, or CWCRT, which was well-received by the community. Our Crisis Center program was awarded an additional \$1.13 million contract from the County of San Mateo to provide services to youth up to age 25. Additionally, the Crisis Center was granted the 988 contract which provided further funding for the agency. Although we are still uncertain of the effects of COVID-19 in our future financial operations, StarVista remains vigilant and fully committed to providing services to its clients throughout the entire San Mateo County and beyond.

### 13. 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, 2022, StarVista did not make any discretionary contributions.

# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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### 14. 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>	
2023	\$ 804,979
2024	485,004
2025	434,016
2026	270,909
2027	<u>157,277</u>
	<u>\$2,152,185</u>

Rent expense under operating leases for the year ended June 30, 2022 was \$806,596.

#### 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.

### 15. Net Assets With Donor Restrictions

Net assets with donor restriction at June 30, 2022, consist of the following:

Daybreak loan – purpose restriction	\$207,390
David and Lucille Packard – purpose restriction	<u>75,000</u>
	<u>\$282,390</u>

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. 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, 2022, net assets released from purpose restrictions were \$14,090,073.

# STARVISTA

## NOTES TO FINANCIAL STATEMENTS

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### 16. Discontinued Operations

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.

### 17. Subsequent Events

Archway, one of StarVista's long-standing programs, officially closed its facilities on November 15, 2022. Over the years, the program has had challenges with generating sufficient revenue to cover its expenses. StarVista was able to sustain the deficit and keep the program running through various funding sources, such as unrestricted funds. However, Archway's main revenue source, its fees-for-services, continued to decline, especially during the COVID-19 pandemic. While StarVista is emerging from the pandemic, Archway does not have the necessary revenue needed to be sustainable for FY22-23 and had a projected deficit of \$170,000 by fiscal year-end. As a fiscally responsible agency, StarVista has decided to close the program.

In December 2022, StarVista refinanced its PPP loan with Beneficial State Bank. The original note bore an interest of 1% per year and required monthly payments of \$37,734. The note was due May 2025. The refinanced loan bears an interest of 1% per year and requires monthly payments of \$10,027. The refinanced loan matures May 2032.

On June 30, 2022, StarVista carried a Line of Credit outstanding balance of \$1,500,000. In July 2022, StarVista initiated and completed two payments to pay the outstanding Line of Credit balance: one payment of \$500,000 and another payment for \$1,000,000. As of January 2023, StarVista has withdrawn \$1,500,000 of new proceeds from the Line of Credit as part of its cash flow strategy. StarVista intends to pay this balance by the end of July 2023.

Management has evaluated subsequent events through February 22, 2023, the date which the financial statements were available for issue. Except as noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.