HARRINGTON GROUP
CERTIFIED PUBLIC ACCOUNTANTS, LLP

STARVISTA

FINANCIAL STATEMENTS
and
ADDITIONAL INFORMATION

JUNE 30, 2023

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C O N T E N T S

INDEPENDENT AUDITORS' REPORT

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, 2023, 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, 2023, 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 opinions.

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.

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

In performing an audit in accordance with generally accepted auditing standards and *Government 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 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.

Other Matter

Report on Summarized Comparative Information

We have previously audited StarVista's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 6, 2024, 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 6, 2024

STARVISTA

STATEMENT OF FINANCIAL POSITION
June 30, 2023
With comparative totals at June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	**2023**	2022
ASSETS				
Cash and cash equivalents (Note 3)	$ 312,421	$ 207,390	**$ 519,811**	$ 592,700
Accounts receivable	2,680,907		**2,680,907**	4,268,651
Pledges receivable, net (Note 4)	193,758		**193,758**	131,066
Investments (Note 5)	1,000		**1,000**	1,000
Prepaid expenses and other assets	211,788		**211,788**	235,439
Property and equipment (Note 7)	1,396,974		**1,396,974**	1,456,248
Right-of-use assets - operating leases (Note 13)	1,841,520		**1,841,520**	-
TOTAL ASSETS	$ 6,638,368	$ 207,390	**$ 6,845,758**	$ 6,685,104
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	$ 136,486	$ -	**$ 136,486**	$ 121,278
Accrued liabilities (Note 8)	1,175,195		**1,175,195**	1,215,180
Line of credit (Note 9)	500,000		**500,000**	1,500,000
Note payable (Note 10)	138,000		**138,000**	138,000
Deferred revenue	26,496		**26,496**	-
Paycheck protection program loan (Note 11)	1,026,001		**1,026,001**	1,301,084
Right-of-use liabilities - operating leases (Note 13)	1,868,924		**1,868,924**	-
TOTAL LIABILITIES	4,871,102	-	**4,871,102**	4,275,542
NET ASSETS				
Without donor restrictions	1,767,266		**1,767,266**	2,127,172
With donor restrictions (Note 14)		207,390	**207,390**	282,390
TOTAL NET ASSETS	1,767,266	207,390	**1,974,656**	2,409,562
TOTAL LIABILITIES AND NET ASSETS	$ 6,638,368	$ 207,390	**$ 6,845,758**	$ 6,685,104

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

STARVISTA

STATEMENT OF ACTIVITIES
For the year ended June 30, 2023
With comparative totals for the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	**2023**	2022
REVENUE AND SUPPORT				
Government contracts	$ 14,016,234	$ -	**$ 14,016,234**	$ 13,414,573
Foundation grants	227,500	773,000	**1,000,500**	1,192,400
Program fees	714,888		**714,888**	1,067,340
Contributions	172,310		**172,310**	325,543
Miscellaneous income	155,704		**155,704**	208,477
Special events, net of expenses $25,930	189,510		**189,510**	73,165
In-kind Contribution (Note 15)	23,987		**23,987**	-
Net assets released from restrictions (Note 14)	848,000	(848,000)	**-**	-
TOTAL REVENUE AND SUPPORT	16,348,133	(75,000)	**16,273,133**	16,281,498
EXPENSES				
Program services	15,708,162		**15,708,162**	15,432,611
General and administration	61,663		**61,663**	61,466
Fundraising	938,214		**938,214**	916,543
TOTAL EXPENSES	16,708,039	-	**16,708,039**	16,410,620
CHANGE IN NET ASSETS	(359,906)	(75,000)	**(434,906)**	(129,122)
OTHER CHANGES				
Paycheck protection program loan forgiveness (Note 11)			**-**	824,085
CHANGE IN NET ASSETS AFTER OTHER CHANGES	(359,906)	(75,000)	**(434,906)**	694,963
NET ASSETS, BEGINNING OF YEAR	2,127,172	282,390	**2,409,562**	1,714,599
NET ASSETS, END OF YEAR	$ 1,767,266	$ 207,390	**$ 1,974,656**	$ 2,409,562

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

STARVISTA

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023
With comparative totals for the year ended June 30, 2022

	Program Services								
	Early Childhood and Family Services	**Youth Empowerment Services**	**Wellness and Recovery Services**	**Clinical and Community Services**	**Total Program Services**	**General and Administration**	**Fundraising**	**Total Expenses 2023**	**Total Expenses 2022**
Salaries	$ 4,829,088	$ 800,637	$ 1,649,476	$ 1,641,001	$ 8,920,202	$ 1,698,120	$ 620,098	**$ 11,238,420**	$ 11,039,407
Payroll taxes and employee benefits	900,631	174,019	320,136	343,006	1,737,792	213,961	116,332	**2,068,085**	2,015,234
Total personnel costs	5,729,719	974,656	1,969,612	1,984,007	10,657,994	1,912,081	736,430	**13,306,505**	13,054,641
Occupancy	325,141	73,482	377,182	67,621	843,426	187,872	14,579	**1,045,877**	999,817
Client related expenses	41,436	847,565	46,617	16,020	951,638			**951,638**	746,828
Professional fees	137,086	1,462	19,880	3,356	161,784	257,052		**418,836**	393,323
Communications	83,074	13,969	100,411	24,349	221,803	40,554	10,232	**272,589**	267,546
Miscellaneous expenses	9,813	1,133	1,581		12,527	106,231	5,154	**123,912**	91,462
Supplies	38,788	11,881	19,927	4,451	75,047	18,905	20,762	**114,714**	220,391
Insurance					-	102,268		**102,268**	86,425
Consultants and training	18,753	1,183	44,855	2,156	66,947	30,478	1,412	**98,837**	131,926
Depreciation and amortization					-	94,853		**94,853**	105,608
Staff related expenses	49,884	727	2,541	1,551	54,703	23,561	235	**78,499**	251,562
Equipment rental	5,808	1,862	15,029	2,500	25,199	6,698	269	**32,166**	28,967
Postage and printing	5,964	769	6,161	624	13,518	2,592	8,736	**24,846**	24,253
In-kind donation					-	23,987		**23,987**	-
Travel and conferences	11,033	2,691	1,097	702	15,523	2,778	211	**18,512**	7,871
Total functional expenses before indirect expense allocation	6,456,499	1,931,380	2,604,893	2,107,337	13,100,109	2,809,910	798,020	**16,708,039**	16,410,620
Indirect expense allocation	1,277,089	381,382	539,671	409,911	2,608,053	(2,748,247)	140,194	**-**	-
TOTAL 2023 FUNCTIONAL EXPENSES AFTER INDIRECT EXPENSE ALLOCATION	**$ 7,733,588**	**$ 2,312,762**	**$ 3,144,564**	**$ 2,517,248**	**$ 15,708,162**	**$ 61,663**	**$ 938,214**	**$ 16,708,039**	
TOTAL 2022 FUNCTIONAL EXPENSES	$ 5,921,767	$ 3,206,418	$ 4,689,291	$ 1,615,135	$ 15,432,611	$ 61,466	$ 916,543		$ 16,410,620

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

STARVISTA

STATEMENT OF CASH FLOWS
For the year ended June 30, 2023
With comparative totals for the year ended June 30, 2022

	2023	2022
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Change in net assets	**$ (434,906)**	$ 694,963
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	**94,853**	105,608
Paycheck protection program loan forgiveness	**-**	(824,085)
(Increase) decrease in operating assets:		
Accounts receivable	**1,587,744**	(2,289,810)
Pledges receivable, net	**(62,692)**	(22,033)
Prepaid expenses and other assets	**23,651**	(54,339)
Amortization of right-of-use assets, operating leases	**404,549**	-
Reduction of lease liability, operating leases	**(377,145)**	-
Increase (decrease) in operating liabilities:		
Accounts payable	**15,208**	(184,029)
Accrued liabilities	**(39,985)**	(22,606)
Deferred revenue	**26,496**	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**1,237,773**	(2,596,331)
CASH FLOWS (TO) INVESTING ACTIVITIES:		
Purchase of property and equipment	**(35,579)**	(85,759)
NET CASH (USED) BY INVESTING ACTIVITIES	**(35,579)**	(85,759)
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings on line of credit	**1,750,000**	1,500,000
Payments on line of credit	**(2,750,000)**	-
Payments on paycheck protection program loan	**(275,083)**	(364,831)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	**(1,275,083)**	1,135,169
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**(72,889)**	(1,546,921)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**592,700**	2,139,621
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 519,811**	$ 592,700
NON-CASH FINANCING AND OPERATING ACTIVITIES:		
Right-of-use assets/liabilities from adoption of ASC 842	**$ 2,246,069**	$ -

The accompanying notes are an integral part of these 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:

Family and Community Services:

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.

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.

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.

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.

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.

continued

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.

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.

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.

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.

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.

Transitional Youth Services (THP+ and Aftercare) – 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. The program supports the successful transition to independence for youth that have aged-out of the foster care or juvenile probation systems.

Wellness and Recovery Services:

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.

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.

continued

1. Organization, continued

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.

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.

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.

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.

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 prog

School-Based and Clinical Services:

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.

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 can learn new coping strategies, change negative patterns, and increase parenting skills.

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.

Strengthen Our Youth (SOY) – Offers professional counseling, education, and prevention services to students and families. Through school-wide awareness programs, students build decision making and critical thinking skills, stronger self-esteem and social skills, and closer and healthier relationships with peers, family members, and the school community.

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1. Organization, continued

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 – FYEES 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.

Youth Development Initiative – Promotes and advocates the healthy development of youth through leadership resiliency groups, peer mediation and youth advisory board. High-school students can 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.

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.

continued

2. Summary of Significant Accounting Policies, continued

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, 2023 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 Statement 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.

Leases

StarVista applies Accounting Standards Codification ("ASC") 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period of time in excess of twelve months in exchange for consideration. StarVista defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. StarVista further determined some existing leases are operating leases, which are included in Right-of-Use ("ROU") assets and lease liabilities in the Statement of Financial Position.

continued

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement

StarVista adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the Statement of Financial Position and disclose key information about leasing arrangements effective July 1, 2022. StarVista elected not to restate the comparative period (Fiscal year 2022). StarVista also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, StarVista recognized ROU assets of $2,246,069 and lease liabilities totaling $2,246,069 in its Statement of Financial Position as of July 1, 2022. The discount rate used to record the ROU asset and lease liability at the transition date of July 1, 2022, was 3%. The adoption did not result in a significant effect on amounts reported in the Statement of Activities for the year ended June 30, 2023.

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.

continued

2. Summary of Significant Accounting Policies, continued

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, 2022, 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, 2023, 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	$ 519,811
Accounts receivable	2,680,907
Pledges receivable, net	193,758
Total financial assets at year-end	3,394,476
Less: donor restricted funds	(207,390)
Financial assets available to meet cash needs for general expenditures within one year	$3,187,086

continued

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, 2023. 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, 2023 is $193,758, which represents as follows:

Pledges receivable, gross	$213,912
Less: unamortized discount on pledges receivable	(20,154)
	$193,758
Gross pledges amounts due in:	
One to two years	$ 64,382
Three to four years	129,376
	$193,758

5. Investments

Investments at June 30, 2023 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, 2023:

	Level 1	Level 2	Level 3	Total
Other investments	$ -	$ -	$1,000	**$1,000**

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, 2023:

	Level 1	Level 2	Level 3	Total
Pledged contributions - new	$ -	$115,572	$ -	**$115,572**

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).

continued

7. Property and Equipment

Property and equipment at June 30, 2023 consist of the following:

Land	$ 640,535
Building	674,378
Leasehold improvements	729,887
Furniture and equipment	351,517
	2,396,317
Less: accumulated depreciation and amortization	(999,343)
	$1,396,974

Depreciation and amortization expense for the year ended June 30, 2023 was $94,853.

8. Accrued Liabilities

Accrued liabilities at June 30, 2023 consist of the following:

Accrued vacation	$ 713,465
Accrued salaries and payroll taxes	458,902
Other accrued liabilities	2,828
	$1,175,195

9. 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 January 30, 2024. 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, 2023, 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 2024. The Index Rate is the Prime Rate set by the bank from time to time. The line of credit is a multi-year note. At June 30, 2023, there was no outstanding balance.

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, 2023, the outstanding balance was $138,000.

continued

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, 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 from July 2022 to December 2022 and $10,026 from January 2023 to June 2023. The note is due May 2032.

In September 2021, StarVista started making payments on the loan. The outstanding balance of the loan at June 30, 2023 was $1,026,001.

The Small Business Administration ("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. 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, 2023, StarVista did not make any discretionary contributions.

13. Right-of-Use Assets and Liabilities – Operating Leases

StarVista evaluated current contracts to determine which met the criteria of a lease. ROU assets represent StarVista's right to use underlying assets for the lease term, and the lease liabilities represent StarVista's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. StarVista used the rate implicit in the lease, if it is determinable. When the rate implicit in the lease is not determinable, StarVista uses the risk-free rate of return at the lease commencement date to determine the present value of the future lease payments. Lease terms, in the calculations, may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term.

StarVista' operating leases consist of office leases and office equipment leases. The ROU assets and lease liabilities for these leases were determined based on the current terms in force as of June 30, 2023. No additional options have been included.

continued

13. Right-of-Use Assets and Liabilities – Operating Leases, continued

The weighted average of remaining lease terms and weighted average of discount rate for operating leases as of June 30, 2023were 36.4 months and 3%, respectively.

Cash paid for the operating leases for the year ended June 30, 2023 was $419,908. There were no non-cash financing transactions related to leasing during the year ended June 30, 2023.

Future maturities under operating leases are as follows:

Year ending June 30,	
2024	$ 662,904
2025	647,403
2026	496,700
2027	158,407
2028	305
	1,965,719
Less: present value discount	(96,795)
	$1,868,924

The underlying ROU asset related to the above liability is as follows:

ROU asset balance at July1, 2022	$2,246,069
Less: amortization of lease	(404,549)
ROU asset balance at June 30, 2023	$1,841,520

Lease expense under operating leases for the years ended June 30, 2023 was $782,437.

The above maturities reflect rental agreements in effect as of June 30, 2023. StarVista continually renegotiates its lease agreements; therefore, future maturity amounts may change.

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.

continued

14. Net Assets With Donor Restrictions

Net assets with donor restriction at June 30, 2023, consist of the following:

Daybreak loan – purpose restrictions	$207,390

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, 2023, net assets released from purpose restrictions were $848,000.

15. In-kind Contributions

StarVista received $23,987 in-kind donations from Second Harvest of Silicon Valley for Women's Enrichment Center Program (WEC), which helps women diagnosed with both substance misuse and mental health issues. The in-kind donations, which usually come in the form of food, are used to feed them as they attend two group sessions a day, five days a week. The women are also given food as assistance for their daily consumption.

The value of food donation is based on Feeding America, the national network of food banks and market value cost per pound.

Federal Government Source/Program	Pounds	Value /pound	Value
USDA - TEFAP 10.569	168	Market value	$ 331
USDA - ARPA 21.027	2,151	Market value	2,008
Donated	9,676	$1.93	18,675
Purchased	2,815	Market value	2,973
Total	14,810		$23,987

16. Subsequent Events

On June 30, 2023, StarVista carried a Line of Credit outstanding balance of $500,000. In July 2023, StarVista initiated and completed two payments to pay in full the Line of Credit balance: one payment of $300,000 and another payment for $200,000.

Management has evaluated subsequent events through February 6, 2024, 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.

ADDITIONAL INFORMATION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
StarVista

We have audited, in accordance with the 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, the financial statements of StarVista (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2023, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered StarVista's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of StarVista's internal control. Accordingly, we do not express an opinion on the effectiveness of StarVista's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether StarVista's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Oakland, California
February 6, 2024