

**STARability Foundation, Inc.**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT THEREON

YEARS ENDED JUNE 30, 2020 AND 2019

**STARability Foundation, Inc.**  
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### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of STARability Foundation, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STARability Foundation, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.  
Certified Public Accountants & Advisors  
November 13, 2020

**STARability Foundation, Inc.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 670,968	\$ 700,236
Investments	1,535,138	1,050,628
Grants receivable	-	90,000
Other receivables	3,377	3,648
Prepaid expenses	53,020	61,940
Deposits	10,723	12,223
Beneficial interest in assets held by Community Foundation	102,351	99,408
Property and equipment, net	<u>49,768</u>	<u>71,758</u>
Total assets	<u>\$ 2,425,345</u>	<u>\$ 2,089,841</u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	\$ 11,596	\$ 13,631
Deferred revenue	17,610	12,665
Prepaid membership dues	-	3,610
Note payable	113,530	-
Total liabilities	<u>142,736</u>	<u>29,906</u>
Net assets		
Without donor restrictions		
Undesignated	1,325,076	856,228
Board designated operating reserve	900,000	900,000
Total unrestricted net assets	<u>2,225,076</u>	<u>1,756,228</u>
With donor restrictions		
Purpose restrictions	57,533	303,707
Total restricted net assets	<u>57,533</u>	<u>303,707</u>
Total net assets	<u>2,282,609</u>	<u>2,059,935</u>
Total liabilities and net assets	<u>\$ 2,425,345</u>	<u>\$ 2,089,841</u>

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

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

**STARability Foundation, Inc.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 106,514	\$ 148,774	\$ 255,288
Special events	769,497	-	769,497
Program income	142,062	-	142,062
Grant income	-	175,000	175,000
Membership fees	23,435	-	23,435
Investment return, net	55,695	-	55,695
Total support and revenue before net assets released from restrictions	1,097,203	323,774	1,420,977
Net assets released from restrictions	300,961	(300,961)	-
Total support and revenue	1,398,164	22,813	1,420,977
<b>EXPENSES:</b>			
Program services	613,425	-	613,425
Management and general	136,543	-	136,543
STAR Store	10,282	-	10,282
Fundraising	376,016	-	376,016
Total expenses	1,136,266	-	1,136,266
<b>CHANGE IN NET ASSETS</b>			
	261,898	22,813	284,711
<b>NET ASSETS - BEGINNING OF YEAR</b>			
	1,494,330	280,894	1,775,224
<b>NET ASSETS - END OF YEAR</b>			
	<u>\$ 1,756,228</u>	<u>\$ 303,707</u>	<u>\$ 2,059,935</u>

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

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

**STARability Foundation, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>STAR Store</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and taxes	\$ 333,601	\$ 56,270	\$ 4,019	\$ 8,039	\$ 401,929
Event expenses	-	-	-	256,332	256,332
Office and administration	95,803	31,934	1,774	47,901	177,412
Professional fees	25,991	33,268	-	44,704	103,963
Program expenses	74,628	-	-	1,523	76,151
Occupancy	41,046	5,131	4,489	13,468	64,134
Insurance	22,824	9,940	-	4,049	36,813
Depreciation	19,532	-	-	-	19,532
Total expenses	<u>\$ 613,425</u>	<u>\$ 136,543</u>	<u>\$ 10,282</u>	<u>\$ 376,016</u>	<u>\$ 1,136,266</u>



**STARability Foundation, Inc.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 222,674	\$ 284,711
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,257	19,532
(Increase)/decrease in:		
Accounts receivable	90,271	(80,366)
Prepaid expenses	8,920	(35,992)
Deposits	1,500	(10,723)
Increase/(decrease) in:		
Accounts payable and accrued expenses	(2,035)	599
Deferred revenue	4,945	7,585
Prepaid membership dues	(3,610)	(3,925)
Net cash provided by operating activities	<u>345,922</u>	<u>181,421</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Reinvested interest and investment income, net	(487,453)	(39,188)
Purchase of property and equipment	(1,267)	(45,164)
Net cash used by investing activities	<u>(488,720)</u>	<u>(84,352)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from note payable	<u>113,530</u>	<u>-</u>
Net cash provided by investing activities	<u>113,530</u>	<u>-</u>
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(29,268)</b>	<b>97,069</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>700,236</u>	<u>603,167</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 670,968</u></u>	<u><u>\$ 700,236</u></u>

STARability Foundation, Inc.  
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Financial Statement Presentation

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

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

*Net Assets With Donor Restrictions* - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

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

Revenue Recognition

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

Promises to Give

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

**STARability Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Donated Assets and Contributed Services**

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

**Investments and Investment Income**

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

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

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the value of investment securities will occur in the near term, and such changes could materially affect the amounts reported on the statement of financial position.

**Fair Value of Financial Instruments**

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

The Organization's financial instruments consist of cash and cash equivalents, investments, receivables and payables. The Organization estimates that the fair value of all financial instruments at June 30, 2020 and 2019 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

**Property and Equipment**

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

**Support and Revenues**

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

**Deferred Revenue**

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

**STARability Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Functional Expenses**

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

**Income Taxes**

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

The Organization is in compliance with the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The tax returns for the fiscal years ending June 30, 2017 through June 30, 2020 are open to examination by the IRS.

**Estimates**

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

**Reclassifications**

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

**Change in Accounting Principle**

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

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

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

**STARability Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020 AND 2019**

**NOTE 2 - LIQUIDITY AND AVAILABILITY - continued**

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

Cash and cash equivalents	\$ 670,968
Investments	635,138
Other receivables	3,377
Beneficial interest in assets held by others	102,351
	\$ 1,411,834

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

**NOTE 3 - INVESTMENTS**

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

	2020		2019	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash and cash equivalents	\$ 23,266	\$ 23,266	\$ 46,237	\$ 46,287
Equity	597,343	630,376	511,854	581,792
Fixed income	831,805	833,213	369,385	367,905
Real estate	54,583	48,283	52,957	54,644
	\$ 1,506,997	\$ 1,535,138	\$ 980,433	\$ 1,050,628

Investment return, net, consists of the following:

	2020	2019
Interest and dividends	\$ 47,615	\$ 38,855
Gains and losses	(44,212)	27,718
Investment management fees	(8,902)	(10,878)
	\$ (5,499)	\$ 55,695

**NOTE 4 - FAIR VALUE MEASUREMENTS**

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

**STARability Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020 AND 2019**

**NOTE 4 - FAIR VALUE MEASUREMENTS - continued**

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

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

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

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2020 and 2019:

	2020			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Cash and cash equivalents	\$ 23,266	\$ -	\$ -	\$ 23,266
Equity	630,376	-	-	630,376
Fixed income	833,213	-	-	833,213
Real estate	48,283	-	-	48,283
Beneficial interest in assets held by Community Foundation	-	-	102,351	102,351
	<u>\$ 1,535,138</u>	<u>\$ -</u>	<u>\$ 102,351</u>	<u>\$ 1,637,489</u>
	2019			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Cash and cash equivalents	\$ 46,287	\$ -	\$ -	\$ 46,287
Equity	581,792	-	-	581,792
Fixed income	367,905	-	-	367,905
Real estate	54,644	-	-	54,644
Beneficial interest in assets held by Community Foundation	-	-	99,408	99,408
	<u>\$ 1,050,628</u>	<u>\$ -</u>	<u>\$ 99,408</u>	<u>\$ 1,150,036</u>

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

Property and equipment, net consists of the following at June 30, 2020 and 2019:

	2020	2019
Furniture and fixtures	\$ 6,954	\$ 5,687
Vehicles	112,489	112,489
	119,443	118,176
Less: accumulated depreciation	(69,675)	(46,418)
Total	<u>\$ 49,768</u>	<u>\$ 71,758</u>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$23,257 and \$19,532, respectively.

**STARability Foundation, Inc.**  
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020 AND 2019

**NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION**

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

Assets held by CFCC for the benefit of the Organization are invested in pooled funds managed by Colonial Consulting. At June 30, 2020, the funds were invested in equity securities (61%) and fixed income securities (39%).

The changes of the Agency Fund for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Community Foundation endowment, beginning balance	\$ 99,408	\$ 94,579
Realized gains and losses	90	(8)
Unrealized gains and losses	1,352	3,107
Interest and dividends	2,298	2,485
Investment management fees	(797)	(755)
Community Foundation endowment, ending balance	<u>\$ 102,351</u>	<u>\$ 99,408</u>

**NOTE 7 - NOTE PAYABLE**

Note payable consists of an unsecured note payable to U.S. Bank in the amount of \$113,530, under the Paycheck Protection Program as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, bearing interest at 1.00% per annum and maturing on May 6, 2022. Initial payment of \$6,349 is due on December 6, 2020. All or a portion of this note may be forgiven under the CARES Act. No determination has been made regarding any loan forgiveness as of the report date.

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Trailblazer Academy	\$ -	\$ 266,184
STAR Store	-	37,523
New Facility	14,235	-
COVID-19	43,298	-
	<u>\$ 57,533</u>	<u>\$ 303,707</u>

**STARability Foundation, Inc.**  
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020 AND 2019

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS - continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the year ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Trailblazer Academy expenses	\$ 300,227	\$ 288,553
STAR Store expenses	92,593	12,408
COVID-19 expenses	4,957	-
	<u>\$ 397,777</u>	<u>\$ 300,961</u>

NOTE 9 - SPECIAL EVENTS

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

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

  

	<u>2019</u>		
<u>Event</u>	<u>Revenue</u> <u>Recognized</u>	<u>Cost of Event</u>	<u>Excess</u> <u>Revenues</u>
Gala	\$ 769,497	\$ 256,332	\$ 513,165
Totals	<u>\$ 769,497</u>	<u>\$ 256,332</u>	<u>\$ 513,165</u>

NOTE 10 - COMMITMENTS

Administrative Offices Lease Agreement

In September 2018, the Organization (the "Lessee") entered into a lease agreement for its administrative offices with a three-year term commencing December 1, 2018 and ending November 30, 2021. The Lessee shall have the option to renew the lease for an additional two-year term. The lease requires monthly payments of \$4,333 ("Base Rent") plus applicable sale tax and reimbursement of common area expenses incurred by the lessor. On the first month of the second year and each year thereafter, the base rent shall increase by 3%.

Minimum future annual rental payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2021	\$ 55,167

Thrift Store Lease Agreement

On May 15, 2019, the Organization entered into a lease agreement for its thrift store (STAR Store) with a two-year term ending on May 15, 2021. The lease requires monthly payments of \$1,443 ("Base Rent") for year one and \$1,486 for year two, plus applicable sale tax and reimbursement of common area expenses incurred by the lessor.



**STARability Foundation, Inc.**  
**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2020 AND 2019**

NOTE 10 - COMMITMENTS - continued

Thrift Store Lease Agreement - continued

Minimum future annual rental payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2021	\$ 16,346

NOTE 11 - RETIREMENT PLAN

The Organization has a 401(k) Profit Sharing Plan for the benefit of its salaried employees. The Organization matches up to 3% of the salaries of the eligible employees. For the years ended June 30, 2020 and 2019, profit sharing expense totaled \$5,070 and \$3,310, respectively.

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

The Organization maintains cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the Organization's uninsured cash balances totaled \$378,918.

NOTE 13 - LINE OF CREDIT

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

NOTE 14 - RELATED PARTY TRANSACTIONS

The Organization received \$75,140 and \$89,440 in contributions from members of the board of directors during the years ended June 30, 2020 and 2019, respectively.

NOTE 15 - CONCENTRATION OF REVENUE

During the year ended June 30, 2020 and 2019, 68% and 54% of the Organization's funding was provided by its annual Gala fundraising event.

NOTE 16 - COVID-19

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

NOTE 17 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 13, 2020, which is the date the financial statements were available to be issued.