STARS NASHVILLE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021 AND 2020

STARS NASHVILLE

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June 30, 2021 and 2020

STARS Nashville
Roster of Board of Directors and Leadership
As of June 30, 2021

Officers of Board of Directors

Carnell Elliott	Chairman
Christopher C. Sabis	Past Chairman
Rita McDonald	Chairman Elect
Jillian Frist	Treasurer
Jamaal Oldham	Secretary
Sperry Bell Simmons	Co-Development Chair
Erin Tomlinson	Co-Development Chair
Brogan Bunnell	Associate Board Liaison

Board of Directors

John Bearden
Bill Burrow
Jacques Cabell
Katie Grant
Rasheen Hartwell
Tracey Henry
Ellie Ivancich
Nicole Jones
Sharon Kay
Greg Kelly
William Kelly
Tyler Layne
Shelby Lomax
Andrew Maraniss
Derrick Mason, Sr.
Lizzie McKeand
Ellis Metz
Casey Mulligan
Mary Leigh Pirtle
Andrew Quinn
Robert Rosario
Richard Stone
John Thetford
Christian von Allmen
Alden Ward, YLC Intern
Kimberly Watts
James Williams

Leadership

Rodger Dinwiddie	Chief Executive Director
Erin Daunic	Chief Development Officer
Sandy Schmahl	Chief Operations Officer
Cynthia Whetstone	Chief Finance Officer

PURYEAR & NOONAN, CPAs

Independent Auditor's Report

To the Board of Directors
STARS Nashville
Nashville, Tennessee

Report on Financial Statements

We have audited the accompanying financial statements of STARS Nashville (the Organization), a non-profit organization, which comprise the statements of financial position as of June 30, 2021 and 2020, respectively, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Organization'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

(Auditor's report continued on next page)

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the Organization'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 the Organization as of June 30, 2021 and 2020, respectively, 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Roster of Board of Directors and Leadership on page 1, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the audit procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide assurance over the roster.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and

(Auditor's report continued on next page)

compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Puryear & Noonan, CPAs PLLC

Puryear & Noonan, CPAs
Nashville, Tennessee
December 14, 2021

STARS NASHVILLE
Statements of Financial Position
June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 903,829	$ 144,785	$ 1,048,614
Investments	3,179,655	375,756	3,555,411
Accounts receivable	114,755	-	114,755
Unconditional promises to give	300	371,775	372,075
Grants receivable	150,763	-	150,763
Prepaid expenses	24,359	-	24,359
Total Current Assets	4,373,661	892,316	5,265,977
Property and equipment, net	2,831,175	-	2,831,175
Investments	-	167,150	167,150
Total Assets	$ 7,204,836	$1,059,466	$ 8,264,302
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	$ 71,368	$ -	$ 71,368
Accrued wages and benefits	240,431	-	240,431
Accrued interest	7,243	-	7,243
Unearned revenue	14,206	-	14,206
Total Current Liabilities	333,248	-	333,248
Economic Injury Disaster Loan (EIDL) Loan	150,000	-	150,000
Paycheck Protection Program (PPP) Loan	748,365	-	748,365
Total Liabilities	1,231,613	-	1,231,613
Net Assets			
Without donor restrictions	4,706,265	-	4,706,265
Without donor restrictions - Board designated	1,266,958	-	1,266,958
With donor restrictions	-	1,059,466	1,059,466
Total Net Assets	5,973,223	1,059,466	7,032,689
Total Liabilities and Net Assets	$ 7,204,836	$1,059,466	$ 8,264,302

See independent auditor's report and accompanying notes to financial statements.

STARS NASHVILLE
Statements of Financial Position (Continued)
June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 902,752	$ 128,447	$ 1,031,199
Investments	1,661,468	258,460	1,919,928
Accounts receivable	180,923	-	180,923
Unconditional promises to give	-	562,645	562,645
Grants receivable	118,484	-	118,484
Prepaid expenses	16,596	-	16,596
Total Current Assets	2,880,223	949,552	3,829,775
Property and equipment, net	2,567,985	-	2,567,985
Investments	-	167,150	167,150
Total Assets	$ 5,448,208	$ 1,116,702	$ 6,564,910
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	$ 63,495	$ -	$ 63,495
Accrued wages and benefits	216,241	-	216,241
Unearned revenue	18,326	-	18,326
Total Current Liabilities	298,062	-	298,062
Economic Injury Disaster Loan (EIDL) Loan	150,000	-	150,000
Paycheck Protection Program (PPP) Loan	727,800	-	727,800
Total Liabilities	1,175,862	-	1,175,862
Net Assets			
Without donor restrictions	3,273,510	-	3,273,510
Without donor restrictions - Board designated	998,836	-	998,836
With donor restrictions	-	1,116,702	1,116,702
Total Net Assets	4,272,346	1,116,702	5,389,048
Total Liabilities and Net Assets	$ 5,448,208	$ 1,116,702	$ 6,564,910

See independent auditor's report and accompanying notes to financial statements.

STARS NASHVILLE
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Special events income	$ 89,309	$ 500	$ 89,809
Less - Special events direct costs	(67,307)	-	(67,307)
Net special events income	22,002	500	22,502
School contract fees	2,420,619	-	2,420,619
Contributions	940,993	502,408	1,443,401
Grants	1,014,306	-	1,014,306
Forgiveness of Payroll Protection Program loan	735,078	-	735,078
Investment income, net	474,694	117,296	591,990
Program service fees and funding	122,003	-	122,003
Consulting income	10,681	-	10,681
Miscellaneous	84,144	-	84,144
Net assets released from restrictions	677,440	(677,440)	-
Total Public Support and Revenue	6,501,960	(57,236)	6,444,724
Expenses			
Program Services			
Youth services	4,121,999	-	4,121,999
Supporting Services			
Fundraising	235,886	-	235,886
Management and general	443,198	-	443,198
Total Expenses	4,801,083	-	4,801,083
Change in Net Assets	1,700,877	(57,236)	1,643,641
Net Assets - Beginning of Year	4,272,346	1,116,702	5,389,048
Net Assets - End of Year	$ 5,973,223	$1,059,466	$ 7,032,689

See independent auditor's report and accompanying notes to financial statements.

STARS NASHVILLE
Statements of Activities and Changes in Net Assets (Continued)
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Special events income	$ 259,215	$ -	$ 259,215
Less - Special events direct costs	(186,640)	-	(186,640)
Net special events income	72,575	-	72,575
School contract fees	1,916,910	-	1,916,910
Contributions	423,701	677,440	1,101,141
Grants	761,863	-	761,863
Program service fees and funding	240,697	-	240,697
Consulting income	14,412	-	14,412
Investment income, net	17,279	2,849	20,128
Miscellaneous	46,392	-	46,392
Net assets released from restrictions	855,869	(855,869)	-
Total Public Support and Revenue	4,349,698	(175,580)	4,174,118
Expenses			
Program Services			
Youth services	3,793,473	-	3,793,473
Supporting Services			
Fundraising	247,685	-	247,685
Management and general	407,302	-	407,302
Total Expenses	4,448,460	-	4,448,460
Change in Net Assets	(98,762)	(175,580)	(274,342)
Net Assets - Beginning of Year	4,371,108	1,292,282	5,663,390
Net Assets - End of Year	$ 4,272,346	$ 1,116,702	$ 5,389,048

See independent auditor's report and accompanying notes to financial statements.

STARS NASHVILLE

Statements of Functional Expenses

For the Years Ended June 30, 2021 and 2020

2021

	Program Services	Supporting Services		
	Youth Services	Fundraising	Management and General	Total
Personnel expense	$ 3,632,059	$ 192,087	$ 304,736	$ 4,128,882
Professional fees	185,153	1,762	44,170	231,085
Supplies	70,277	4,707	16,625	91,609
Telephone	17,873	1,005	2,391	21,269
Postage	24	2,114	387	2,525
Occupancy	56,960	4,425	10,255	71,640
Equipment rental and maintenance	-	-	6,544	6,544
Printing and publications	31,317	18,754	6,762	56,833
Travel, meetings, and conferences	26,815	1,415	1,295	29,525
Insurance	17,187	597	12,852	30,636
Interest	-	-	14,521	14,521
Membership dues and awards	6,703	1,135	1,664	9,502
National dues	-	-	5,000	5,000
Miscellaneous expense	1,093	1,867	4,277	7,237
Total expenses before depreciation	4,045,461	229,868	431,479	4,706,808
Depreciation of property and equipment	76,538	6,018	11,719	94,275
Total Expenses	$ 4,121,999	$ 235,886	$ 443,198	$ 4,801,083
Percent of total expenses	86%	5%	9%	100%

2020

	Program Services	Supporting Services		
	Youth Services	Fundraising	Management and General	Total
Personnel expense	$ 3,421,017	$ 189,864	$ 298,115	$ 3,908,996
Professional fees	44,725	13,699	33,911	92,335
Supplies	37,912	5,942	6,064	49,918
Telephone	18,588	2,404	3,347	24,339
Postage	116	227	624	967
Occupancy	55,984	4,302	11,573	71,859
Equipment rental and maintenance	-	-	7,140	7,140
Printing and publications	61,761	18,907	1,463	82,131
Travel, meetings, and conferences	54,264	4,523	3,537	62,324
Insurance	13,292	393	16,692	30,377
Membership dues and awards	3,574	490	4,149	8,213
National dues	-	-	5,000	5,000
Miscellaneous expense	9,427	1,165	5,122	15,714
Total expenses before depreciation	3,720,660	241,916	396,737	4,359,313
Depreciation of property and equipment	72,813	5,769	10,565	89,147
Total Expenses	$ 3,793,473	$ 247,685	$ 407,302	$ 4,448,460
Percent of total expenses	85%	6%	9%	100%

See independent auditor's report and accompanying notes to financial statements.

STARS NASHVILLE
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	$ 1,643,641	$ (274,342)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities		
Depreciation	94,275	89,147
Net unrealized (gains) losses on investments	(554,893)	45,545
Net realized (gains) losses on investments	1,154	(26,463)
Loss on disposal of assets	5,578	-
Forgiveness of Payroll Protection Program loan	(735,078)	-
Changes in operating assets and liabilities		
(Increase) decrease in unconditional promises to give - With donor restrictions	190,870	113,252
(Increase) decrease in unconditional promises to give - Without donor restrictions	(300)	-
(Increase) decrease in accounts receivable - Unrestricted	66,168	29,312
(Increase) decrease in grants receivable	(32,279)	105,419
(Increase) decrease in prepaid expenses	(7,763)	4,752
Increase (decrease) in accounts payable	7,873	820
Increase (decrease) in accrued wages and benefits	24,190	(4,497)
(Increase) decrease in accrued interest	7,243	-
Increase (decrease) in unearned revenue	(4,120)	14,150
Net Cash Provided by (Used for) Operating Activities	706,559	97,095
Cash Flows from Investing Activities		
Purchases of property and equipment	(363,043)	-
(Purchases) sales of investments, net	(1,081,744)	(144,402)
Net Cash Provided by (Used for) Investing Activities	(1,444,787)	(144,402)
Cash Flows from Financing Activities		
Proceeds from SBA EIDL loan	-	150,000
Proceeds from SBA PPP loans	755,643	727,800
Net Cash Provided by (Used for) Financing Activities	755,643	877,800
Net Change in Cash	17,415	830,493
Cash - Beginning of Year	1,031,199	200,706
Cash - End of Year	$ 1,048,614	$ 1,031,199

Non-Cash Transactions

During the year ended June 30, 2021, the Organization retired assets with a cost of $16,855 with accumulated depreciation of $7,276.

See independent auditor's report and accompanying notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

Organization and Purpose

STARS Nashville (the Organization) was established in 1984 as a nonprofit organization and exists to serve schools and communities in Middle Tennessee by providing prevention, intervention and treatment services that address bullying, substance abuse, violence, and social and emotional barriers to success. The Organization provides some services under the name Kids on the Block.

The Organization is listed on the U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration's (SAMHSA) National Registry of Evidence-Based Programs and Practices (NREPP).

The Organization is also licensed as an Alcohol and Drug Non-Residential Rehabilitation Treatment and Mental Health Outpatient Facility by the State of Tennessee Department of Mental Health and Substance Abuse Services.

In November 2019, CARF International (CARF) announced that STARS Nashville has been accredited for a period of three years. CARF is an independent, nonprofit accrediting body whose mission is to promote the quality, value, and optimal outcomes of services through a consultative accreditation process and continuous improvement services that center on enhancing the lives of the persons served.

Basis of Accounting

The financial statements of the Organization are prepared using the accrual basis of accounting, under which revenues are recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

Financial Statement Presentation

For financial statement presentation, the Organization reports its financial information according to two classes of net assets (net assets with and without restrictions) based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Net assets without restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions
Net assets subject to stipulations imposed by donors and grantors that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. Other donor restrictions are perpetual in nature whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations
The Statements of Activities and Changes in Net Assets report changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities and interest and investment income. Non-operating activities are limited to resources that generate return from other investments, permanently restricted contributions, net assets released for capital expenditures, and other activities considered to be of a more unusual or non-recurring nature.

Program and Supporting Services - Functional Expenses
The following program and supporting services are included in the accompanying financial statements on the Statements of Functional Expenses.

Program Services - includes activities carried out to fulfill the Organization's mission resulting in student assistance services addressing youth mental health and social and emotional issues.

Supporting Services - Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program, event or fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organizational oversight, business management, record keeping, budgeting, financing, and other administrative activities.

Supporting Services - Fundraising - includes cost of activities directed toward appeals for financial support and the cost of solicitations and creation and distribution of fundraising materials.

Classifications of Expenses
The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Direct expenses, incurred for a single function, are allocated entirely to that function. Expenses applicable to more than one function, are allocated on the basis of time and effort, square footage, or headcount. Personnel expense, travel, meetings and conferences are allocated based on time and effort. Professional fees, supplies, telephone, and postage are allocated on headcount, while occupancy, insurance, and depreciation are allocated based on square footage.

Use of Estimates
Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Actual results could differ from these estimates.

Cash Equivalents
For purposes of the Statements of Cash Flows, the Organization considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Fair Value Measurements
The Organization follows Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820-10, *Fair Value Measurements*, with respect to its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are as follows:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

U.S. GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, accounts and grants receivable, unconditional promises to give, investments, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value. There are no financial instruments categorized as Level 2 or Level 3.

Investments Valuation
Investments consist of equity and mutual funds and are measured on a recurring basis at fair value at the reporting date using quoted prices in active markets for identical assets (Level 1). Unrealized gains and losses are recognized in the Statements of Activities and Changes in Net Assets. Gains and investment income whose restrictions are met in the same reporting period are shown as unrestricted support.

Accounts Receivable and Unconditional Promises to Give
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

The Organization uses the allowance method to determine uncollectible accounts receivable and unconditional promises to give. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current status of accounts receivable and unconditional promises to give. There was no allowance for doubtful accounts at June 30, 2021 or 2020. It is reasonably possible that management's estimate of the allowance for doubtful accounts could change. Receivables and unconditional promises to give are charged against the allowance when management believes the collectibility of the receivable is unlikely. For the years ended June 30, 2021 and 2020, there was no bad debt expense. Accounts receivable are considered delinquent after ninety days. Late fees and interest are not assessed on delinquent accounts. It is not the policy of the Organization to place a customer on non-accrual status. At June 30, 2021 and 2020, $7,770 and $4,880, respectively, of accounts receivable and unconditional promises to give are greater than ninety days old and are still considered fully collectible.

Property and Equipment
The Organization's property consists of land, building, building improvements, furniture, fixtures, and equipment.

Property and equipment are recorded at cost, or at appraised value if donated. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets. The Organization capitalizes items that are greater than or equal to $2,500 and expenses items under $2,500. The Organization uses the direct expensing method to account for planned major maintenance activities.

In accordance with FASB ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets,* the Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. No impairments have been recognized on any property at June 30, 2021 or 2020.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. Such donor restricted revenues totaled $620,204 and $680,289 during the years ended June 30, 2021 and 2020, respectively, and are included in revenue with donor restrictions on the Statements of Activities and Changes in Net Assets. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Organization expects to be entitled to in exchange for transferring those goods or services.

Revenue is recognized based on the following five step model:

- Identification of the contract
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

The Organization’s revenues primarily consist of school contract fees, contributions, grant revenue, and other program fees.

School contract fees are recognized when earned during the school term, which generally runs from August to May.

Contributions are recognized when received and are considered to be available for unrestricted use unless specifically restricted by the donor.

Grant revenue results from agreements, typically with government agencies, that fund specific activities of the Organization. The grants are of three primary types: unconditional contributions, conditional contributions, and exchange transactions. An agreement is a contribution if its primary purpose is to enable the Organization to provide a service to or for the general public rather than to serve the direct needs of the granting or contracting party. In other words, the agreement is a contribution if any benefit to the granting or contracting party is indirect and insubstantial as compared to the public benefit. The Organization recognizes grant and contract revenue associated with unconditional contributions without donor stipulations as revenue and net assets without donor restrictions. Unconditional contributions with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. The Organization recognizes grant and contract revenue associated with conditional contributions as earned when the conditions are met (allowable expenses have been incurred or as milestones are met) as net assets without donor restrictions. Any unused funds are forfeited, and if any expenditures are unallowed, the Organization is required to refund the amounts drawn down. In contrast, if the grant or contract provides a benefit directly to the granting or contracting party, the agreement is an exchange transaction with a customer.

Grant revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of grant, or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Other fees are recognized as the services are performed on a monthly basis. Some fees are a flat monthly fee but some fees are for specific services which are billed and recognized separately.

Unearned Revenue

The Organization receives advance funds under certain school contracts. The funds are recorded as unearned revenue until the services are performed, at which time the Organization recognizes the funds as school contract fees.

PPP Loans

The Organization has received loans in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). U.S. GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loans as debt. The first loan, including interest, was forgiven during the year ended June 30, 2021 and $735,078 has been recognized as income on the Statements of Activities and Changes in Net Assets. A second loan was received in January 2021. See Note 19.

Income Taxes

The Organization has obtained a determination letter from the Internal Revenue Service effective July 1, 2000, which qualifies the Organization as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal or state income taxes. The Organization is not classified as a private foundation. Unrelated business taxable income generated by the Organization is primarily related to certain consulting and rental activities.

The Organization follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, as it relates to uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified in management and general expenses in the Organization's financial statements.

Donated Services and Supplies

Certain contributed supplies and specialized services are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. Volunteer services, which neither create nor enhance non-financial assets, or do not require specialized skills, are not recognized as support.

In addition, for the years ended June 30, 2021 and 2020, the Organization has received various in-kind contributions of food and media coverage for an annual fundraising event in the amount of approximately $50,000 and $136,000, respectively, which is included in special events income and special events direct costs on the Statements of Activities and Changes in Net Assets.

Advertising
Advertising is expensed as incurred.

Note 2 - Adoption of New Accounting Pronouncement

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, (Topic 605), and most industry-specific revenue recognition guidance throughout the Industry Topics of the ASC. The updated guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Topic 606 also includes Subtopic 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, which requires deferral of incremental costs of obtaining a contract with a customer. Collectively, Topic 606 and Subtopic 340-40 are referred to as the “new standard.” The Organization adopted the new standard effective July 1, 2020. There was no effect on change in net assets as a result of this adoption.

Note 3 - Liquidity and Availability

	2021	2020
Cash and cash equivalents	$ 1,048,614	$ 1,031,199
Investments	3,555,411	1,919,928
Accounts receivable	114,755	180,923
Unconditional promises to give	372,075	562,645
Grant receivables	150,763	118,484
	5,241,618	3,813,179
Less - Financial assets with donor restrictions, excluding time restrictions that expire in the next twelve months	(517,058)	(269,762)
Financial assets available to meet general expenditures over the next twelve months	$ 4,724,560	$ 3,543,417

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 4 - Investments

Investments are stated at fair value (Level 1) and are summarized at June 30, 2021 and 2020, as follows:

2021

	Cost	Fair Value	Carrying Value
Equity Funds	$ 2,808,392	$ 3,480,060	$ 3,480,060
Mutual Funds	212,639	242,501	242,501
	$ 3,021,031	$ 3,722,561	$ 3,722,561

2020

	Cost	Fair Value	Carrying Value
Equity Funds	$ 1,732,375	$ 1,874,678	$ 1,874,678
Mutual Funds	208,248	212,400	212,400
	$ 1,940,623	$ 2,087,078	$ 2,087,078

The amounts invested, market value, and yields at June 30, 2021 and 2020 are summarized as follows:

	2021	2020
Fair value	$ 3,722,561	$ 2,087,078
Cost	(3,021,030)	(1,940,623)
Unrealized gain	$ 701,531	$ 146,455
Investment income	$ 60,960	$ 55,322
Net unrealized gain (loss) on investments	554,893	(45,545)
Net realized gain (loss) on sale of investments	(1,154)	26,463
Investment expenses	(22,709)	(16,112)
Investment income, net	$ 591,990	$ 20,128

Note 5 - Unconditional Promises to Give

Unconditional promises to give - restricted, which are not funded until a subsequent year and are temporarily restricted for use during a subsequent year, at June 30, 2021 and 2020, represent pledges for donations or grants as follows:

	2021	2020
United Way Services	$ 176,775	$ 562,645
Family Foundation	195,000	-
	$ 371,775	$ 562,645
Amounts due in		
less than one year	$ 241,775	$ 562,645
one to five years	130,000	-
	$ 371,775	$ 562,645

Note 6 - Property and Equipment

At June 30, 2021 and 2020, the Organization's building, property, and equipment is recorded as follows:

	Useful Lives (Years)	2021	2020
Land	-	$ 335,000	$ 335,000
Construction in progress	-	205,168	-
Building and improvements	39	3,310,761	3,163,041
Furniture and equipment	2 - 7	287,803	301,778
		4,138,732	3,799,819
Less - Accumulated depreciation		(1,307,557)	(1,231,834)
		$ 2,831,175	$ 2,567,985

Depreciation expense for the years ended June 30, 2021 and 2020 totaled $94,275 and $89,147, respectively.

Note 7 - Pension Plan

The Organization has adopted a 401(k) profit sharing plan (the Plan), which covers employees who have completed 1,000 hours of service within twelve months of their commencement date, and employees vest immediately upon entering the Plan. The Organization makes matching safe-harbor contributions to each eligible and contributing participant in the amount of 100% of the first 3% of the participant's compensation, then 50% between 3% and 5% of the participant's compensation for the Plan year. The Organization can make discretionary contributions to the Plan. Total expenses for the Plan for the years ended June 30, 2021 and 2020 were approximately $59,000 and $51,000, respectively, and are included in the Statements of Functional Expenses in personnel expense.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2021 and 2020 are available for the following purposes:

	2021	2020
For use in the year ended June 30, 2021	$ -	$ 679,790
For use in the year ended June 30, 2022	375,258	-
For use in the year ended June 30, 2023	65,000	-
For use in the year ended June 30, 2024	65,000	-
Endowment income not appropriated	375,756	258,460
Specific programs	3,320	3,320
Building	7,982	7,982
Endowment	167,150	167,150
	$ 1,059,466	$ 1,116,702

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors at June 30, 2021 and 2020 are as follows:

	2021	2020
Time restrictions	$ 677,440	$ 820,869
Specific programs	-	35,000
	$ 677,440	$ 855,869

Note 9 - Endowment

Net assets with donor restrictions in the amount of $167,150 at June 30, 2021 and 2020, are restricted for an endowment fund. The interest is unrestricted but included in net assets with donor restrictions until appropriated.

The Organization's endowment consists of one fund established as a general endowment to support the mission of the Organization. There are no funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, if any, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with permanent restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with permanent restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

***Investment Return Objectives, Risk Parameters, and Strategies* -** The Organization has adopted investment policies, approved by the Board of Directors, that attempt to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed so as not to expose the fund to unacceptable levels of risk.

***Spending Policy* -** The Organization has adopted a spending policy allowing accumulated earnings, plus 5% of the principal amount, to be used each year for fixed operating costs. Approval from the Board of Directors is required before any endowment funds are withdrawn.

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 is as follows:

2021

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 167,150	$ 167,150
Amounts not appropriated	-	375,756	375,756
Total funds	$ -	$ 542,906	$ 542,906

2020

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 167,150	$ 167,150
Amounts not appropriated	-	258,460	258,460
Total funds	$ -	$ 425,610	$ 425,610

Changes in endowment net assets as of June 30, 2021 and 2020 are as follows:

2021

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets - beginning of year	$ -	$ 425,610	$ 425,610
Investment income (loss)	-	5,856	5,856
Net appreciation (depreciation)	-	111,440	111,440
Endowment net assets - end of year	$ -	$ 542,906	$ 542,906

2020

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets - beginning of year	$ -	$ 422,761	$ 422,761
Investment income (loss)	-	(4,305)	(4,305)
Net appreciation (depreciation)	-	7,154	7,154
Endowment net assets - end of year	$ -	$ 425,610	$ 425,610

Note 10 - EIDL Loan

In June 2020, the Organization applied for and received an Economic Injury Disaster Loan (EIDL) from the Small Business Administration (SBA) totaling $150,000. Monthly interest and principal payments totaling $641 will begin two years from the date of the loan. The interest rate is 2.75% and began accruing on the date the Organization received the EIDL fund; since no payments are due the first year, an insignificant amount will be added to the principal for accrued interest. The final loan payment will be 30 years from the date of the loan. The SBA has a continuing security interest in the assets of the Organization.

Maturities of notes payable as of June 30, 2021 are summarized as follows:

2022	$ 297
2023	3,621
2024	3,721
2025	3,825
2026	3,932
Thereafter	134,604
	$ 150,000

Note 11 - Grant Revenue

Grant revenue - Federal, state, and local awards (conditional contributions) for the years ending June 30, 2021 and 2020 is as follows:

	2021	2020
Conditional Grants		
Fee based grants for treatment of substance abuse	$ 178,858	$ 196,435
Fee based grants for prevention of substance abuse	299,000	298,975
Cost reimbursement grants for treatment of substance abuse	2,815	64,452
Cost reimbursement grants for prevention of substance abuse	336,388	194,121
Cost reimbursement grants for other programs	197,244	7,880
Total Conditional Grants	$ 1,014,305	$ 761,863

Related to conditional grants are amounts totaling $259,172 and $90,319, respectively, which have not been recognized as of June 30, 2021 and 2020, but will be recognized in future periods, if conditions are met.

Note 12 - Leases

The Organization leases office space in the Youth Opportunity Center (YOC) to several unrelated non-profit organizations. The YOC was developed specifically to align existing youth initiatives, resources, and expertise to increase the operating efficiency of the partner agencies. The lease terms call for these organizations to reimburse the Organization for only the costs of operating and maintaining the leased portion of the building based on the occupied square footage. The costs do not include interest or depreciation, but do include a 10% administrative fee. Lease terms vary from month-to-month to one year.

As a result of these arrangements, the Organization received approximately $54,000 and $46,000, respectively, at June 30, 2021 and 2020, which is included in miscellaneous income on the Statements of Activities and Changes in Net Assets.

The Organization leases office equipment under operating leases. Total lease expense incurred by the Organization was approximately $3,000 for the years ended June 30, 2021 and 2020, and is included in equipment rental and maintenance on the Statements of Functional Expenses. There is one material operating lease that exceeds one year at June 30, 2021. The future minimum payments at June 30, 2021 are as follows:

2022	$ 5,571
2023	5,571
2024	5,571
2025	5,571
2026	3,250
	$25,534

Note 13 - Income Taxes

The Organization recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Organization’s tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for the open tax years (years ended June 30, 2018 through 2020), or expected to be taken in the Organization’s tax return for the year ended June 30, 2021. The Organization identified its major tax jurisdictions as the U.S. Federal and the State of Tennessee. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. The Organization is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change in the next twelve months.

The Organization is subject to taxes on its unrelated business income. At June 30, 2021 and 2020, the Organization had net operating loss carryforwards for tax purposes of approximately $107,000 and $18,000 for Federal and State, respectively, available to offset future unrelated business income. These carryforwards will begin to expire in 2026, if not previously utilized.

Although the Organization has generated net operating income from unrelated business income relating to its consulting activities, the deferred tax asset has been netted against a 100% valuation allowance since there is no indication of material future income at this time, as follows:

	2021	2020
Deferred tax asset		
Net operating carryforwards - Federal	$ 22,000	$ 22,000
Net operating carryforwards - State	1,000	1,000
Valuation allowance	(23,000)	(23,000)
Net deferred tax asset	$ -	$ -

During the years ended June 30, 2021 and 2020, the Organization did not recognize any interest and penalties relating to taxes, nor were any accrued at June 30, 2021 and 2020. The valuation allowance did not change during the years ended June 30, 2021 and 2020.

Note 14 - Related Party Transactions

The Organization paid annual dues of $5,000 for the years ended June 30, 2021 and 2020 to Center for Youth Issues, Inc. (National), which is the Organization's national affiliate.

Note 15 - Section 125 Plan

The Organization has adopted a cafeteria plan (the 125 Plan) under Section 125 of the Internal Revenue Code, allowing a choice between cash and certain qualified benefits. Benefits are entirely funded through employee pre-tax deductions and employer contributions used to purchase elected benefits. Benefit options under the 125 Plan consist of medical and dental insurance, which are provided through insurance policies for employees who work at least thirty hours a week.

Note 16 - Board Designated Restrictions

At June 30, 2021 and 2020, the Board has designated $1,266,958 and $976,336, respectively, of investments and cash and cash equivalents for the Building Reserve Fund, which is included in net assets without donor restrictions. At June 30, 2020, the Board has also designated $22,500 of investments for operating funds for the subsequent year, which is also included in net assets without donor restrictions.

Note 17 - Concentrations of Credit Risk

A significant portion of the Organization's revenue is derived from individuals, organizations, schools, and foundations in Middle Tennessee and grants from the State of Tennessee. The following organizations contributed more than 10% of total public support and revenue, excluding the PPP loan forgiveness, during 2021 and 2020:

	2021	2020
Williamson County Board of Education	25%	19%
Tennessee Department of Mental Health	10%	15%
Metropolitan Nashville Board of Education	3%	13%

At June 30, 2021, two (2) organizations represent 90% of grants receivable, 40% of unconditional promises to give is due from one (1) local United Way organization, 50% of unconditional promises to give is due from one (1) family foundation and one (1) organization represents 58% of accounts receivable.

At June 30, 2020, two (2) organizations represent 88% of grants receivable, 100% of unconditional promises to give are due from four (4) local United Way organizations, and one (1) organization represents 78% of accounts receivable.

Note 18 - Risk on Uninsured Cash

The standard Federal Deposit Insurance Corporation insurance amount is $250,000 per depositor, per insured bank; and therefore, amounts in excess of $250,000 held by the Organization during the years ended June 30, 2021 and 2020, respectively, were uninsured and uncollateralized. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Organization's securities is covered by the Securities Investor Protection Corporation (SIPC), which provides limited protection to investors. SIPC coverage is limited to specified investor-owned securities (notes, bonds, mutual funds, investment company securities, and registered securities) held by an insolvent SIPC member at the time a supervising trustee is appointed. The SIPC also protects against unauthorized trading in the Organization's security account. SIPC coverage is limited to $500,000 per customer, including $250,000 for cash that is on deposit as the result of a security transaction. The SIPC protection does not insure against market risk.

Note 19 - Commitments and Contingencies

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In March 2020, the Organization began having virtual consulting sessions, and fund raising events were canceled for the rest of the fiscal year ended June 30, 2020. During the year ended June 30, 2021, the Organization provided virtual services to students and clients when schools and courts were closed and, conversely, on-site services when schools and courts were open. In-person training and puppetry presentations were extremely challenging to implement as there were limited virtual opportunities with some staff being furloughed. Fall fund-raising events were virtual or hybrid with limited in-person participation. Future potential impacts may include disruptions or restrictions on the Organization's employees' ability to work, or the Organization's participants' ability to participate in the consulting sessions. Changes to the operating environment may increase operating costs. The further effects of these issues are unknown.

In January 2021, the Organization received a loan in the amount of $748,365 in accordance with the PPP section of the CARES Act. Under this loan program, the Organization may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation. The unsecured note bears interest at the rate of 1.00% and matures on January 29, 2026. As long as the Organization submits its loan forgiveness application within ten months of the covered period, the Organization will not be required to make any payments on the loan until the forgiveness amount is remitted to the lender by the U.S. Small Business Administration (SBA). If the loan is fully forgiven, the Organization will not be responsible for any payments.

The Organization has elected to treat the PPP loan as debt and presented it as its own line item on the financial statements. The Organization has recorded accrued interest of approximately $3,000 due on the note through June 30, 2021. The Organization's obligation to begin making monthly principal and interest payments is subject to and determined by the PPP rules, if not forgiven.

Note 20 - Subsequent Events

Management has evaluated subsequent events through December 14, 2021, the date that the financial statements were available to be issued.

Note 21 - Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842), which requires lessees to recognize assets and liabilities for most leases. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee is not expected to significantly change under such guidance. The standard, as amended, will be effective for annual reporting periods beginning after December 15, 2021. Accordingly, this ASU will be effective for the Organization for the year ending June 30, 2023. The Organization is currently evaluating the impact that adoption of this ASU will have on the Organization's financial position and results of operations.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, whose purpose is to clarify the presentation and disclosure of contributed nonfinancial assets with the intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the nonprofit entity. ASU 2020-07 should be applied on a retrospective basis and effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact that adoption of this ASU will have on the Organization's financial statements.

SUPPLEMENTARY INFORMATION

STARS Nashville
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

Federal Grantor Agency/ Pass-Through Grantor Agency/ State or Local Program Title	Program Name	CFDA No.	Pass-Through Entity Identifying Number	Expenditures
Federal Awards				
U.S. Department of Health and Human Serivces:				
Direct Award Office of Women's Health Prevention Award				
	Advancing System Improvements for Key Issues in Women's Health	93.088	ASTWH170070-03-01	$ 11,459
Direct Award Substance Abuse and Mental Health Services Administration Center for Substance Abuse Prevention				
	Strategic Prevention Framework Partnerships for Success	93.243	6H79/SP082585-01M001	204,390
Through Tennessee Department of Mental Health and Substance Abuse Services				
	Block Grants for the Prevention and Treatment of Substance Abuse: TN Preventive Network (TPN)	93.959	DGA 62140_2020-2021_019	299,000
	Adolescent Treatment (ASUDSP)	93.959	33901	152,033
	Sub-total 93.959			451,033
	State Targeted Response to the Opioid Crisis	93.788	95275	120,539
	Sub-total through Tennessee Department of Mental Health and Substance Abuse Services			571,572
	Total U. S. Department of Health and Human Services			787,421
U.S. Department of Justice:				
Direct Award Office Justice Programs				
	Bureau of Justice Assistance - STOP School Violence	16.839	2019-YS-BX-0315	3,801
Through Tennessee Commission on Children and Youth				
	Juvenile Justice and Delinquency Prevention	16.540	31601-DP19-19	2,815
	Total U. S. Department of Justice			6,616
U.S. Department of Treasury-Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), Coronavirus Relief Fund (CRF):				
Through Tennessee Department of Human Services				
	COVID-19-Tennessee's Coronavirus Relief Fund (CRF)	21.019	95275	171,616
Through Metro Government of Nashville and Davidson County				
	COVID-19-Juvenile Court Community Partnership Fund Youth Violence Reduction Priority	21.019	L-4585	29,708
	Total U. S. Department of Treasury and 21.019			201,324
Small Business Administration (SBA):				
	COVID-19 - Economic Injury Disaster Loans	59.008	N/A	150,000
	Total Federal Awards			1,145,361
State Awards				
Tennessee Department of Mental Health and Substance Abuse Services - Addiction Recovery Program				
	N/A	N/A	DGA 65807_2020-2021_018	26,825
	Total State Awards			26,825
	Total Federal and State Awards			$ 1,172,186

See notes to Schedule of Expenditures of Federal and State Awards.

Notes to Schedule of Expenditures of Federal and State Awards

Note 1 - Basis of Presentation and Signifcant Accounting Policies

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government received directly and passed through from the State of Tennessee as well as other state assistance for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets (deficit), or cash flows of the Organization.

The Schedule is prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10% deminimis indirect cost rate allowed under the Uniform Guidance for the Advancing System Improvements for Key Issues in Women's Health, the Strategic Prevention Framework Partnerships for Sucess, the Tennessee's Coronavirus Relief Fund, Bureau of Justice Assistance - STOP School Violence, and State Targeted Response to the Opioid Crisis.

Total federal awards include the Economic Injury Disaster funds received through the SBA in June 2020. Installment payments of $641, including principal and interest at a rate of 2.75%, will begin June 2022 and mature June 2050. The loan balance is $150,000 at June 30, 2021.

The Organization did not pass any awards through to sub-recipients for the year ended June 30, 2021.

The Organization received Coronavirus Relief Fund (CRF) funding from the State of Tennessee in September 2020. The award permited expenditures retroactive back to March 2020 and therefore the financial statements at June 30, 2020 included $7,880 not included on the prior Schedule for June 30, 2020 but have been included on the current Schedule for June 30, 2021.

Note 2 - Contingencies

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

Independent Auditor's 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
STARS Nashville
Nashville, Tennessee

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 STARS Nashville (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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.

(Auditor's report continued on next page)

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Our consideration of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

Purpose of the 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Puryear & Noonan, CPAs PLLC

Puryear & Noonan, CPAs
Nashville, Tennessee
December 14, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
STARS Nashville
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited STARS Nashville's (the Organization), a nonprofit organization, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

(Auditor's report continued on next page)

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Opinion on Each Major Federal Program
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Auditor's report continued on next page)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Puryear & Noonan, CPAs PLLC

Puryear & Noonan, CPAs
Nashville, Tennessee
December 14, 2021

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	**Unmodified**			
Internal control over financial reporting:				
Material weakness(es) identified?	___	yes	X	no
Significant deficiencies identified that are not considered to be material weakness(es)?	___	yes	X	none reported
Noncompliance material to financial statements noted?	___	yes	X	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	___	yes	X	no
Significant deficiencies identified that are not considered to be material weakness(es)?	___	yes	X	none reported
Type of auditor's report issued on compliance for major programs:	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___	yes	X	no

(Continued on next page)

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.959	Block Grants for the Prevention and Treatment of Substance Abuse
93.243	Strategic Prevention Framework Partnerships for Success
21.019	COVID-19-Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _____ yes __X__ no

Section II Financial Statement Findings

No matters were reported.

Section III Federal Award Findings and Questioned Costs

No matters were reported.

STARS Nashville
Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

None.