

**STARS NASHVILLE**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2025 AND 2024**

**STARS NASHVILLE**

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**STARS Nashville**  
**Roster of Board of Directors and Leadership**  
**As of June 30, 2025**

**Officers of Board of Directors**

Erin Tomlinson	Chairman
Rita McDonald	Past Chairman
John Thetford	Chairman Elect
Rob Barrick	Treasurer
Jamaal Oldham	Secretary
Sperry Bell Simmons	Co-Development Chair
Paige Kisber	Co-Development Chair
Carnell Elliott	Building Chair
Casey Mulligan	Associate Board Liaison

**Board of Directors**

Margaret-Anne Byerly	Shelby Lomax
Karen Chan	Mary Martin
Deleonne Clark	Blake Stadler Maschmeier
Brianna Collins	Lizzie McKeand
Aabesh De	Ellis Metz
Patrick Fears	Renease Perkins
Lisa Fisch	Durham Pettigrew
Katie Grant	Mary Leigh Pirtle
Rasheen Hartwell	Andrew Quinn
Tracey Henry	Billy Rolfe
Richard Howell	Robert Rosario
Ellie Ivancich	Andrew Solinger
Camden Johns	Richard Stone
Nicole Jones	Grace Sweeney
Sharon Kay	Tara Waters
Tyler Layne	James Williams

**Leadership**

Rodger Dinwiddie	Chief Executive Director
Melanie Scott	Chief Development Officer
Sandy Schmahl	Chief Operations Officer
Cynthia Whetstone	Chief Finance Officer



## Independent Auditor's Report

To the Board of Directors  
STARS Nashville  
Nashville, Tennessee

### Report on the Audit of the Financial Statements

#### ***Opinion***

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, 2025 and 2024, respectively, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, respectively, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal, State, and Local 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

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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 Schedule of Expenditures of Federal, State, and Local Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Roster of Board of Directors and Leadership but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 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, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Puryear & Noonan, CPAs PLLC". The signature is written in a cursive, flowing style.

Puryear & Noonan, CPAs  
Nashville, Tennessee  
December 23, 2025

**STARS NASHVILLE**  
**Statements of Financial Position**  
**June 30, 2025**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 3,050,749	\$ 266,130	\$ 3,316,879
Investments	3,825,638	458,212	4,283,850
Accounts receivable	721,915	-	721,915
Unconditional promises to give	-	500,981	500,981
Grants receivable	628,127	-	628,127
Prepaid expenses	<u>33,262</u>	<u>-</u>	<u>33,262</u>
<b>Total Current Assets</b>	8,259,691	1,225,323	9,485,014
Property and equipment, net	2,421,847	-	2,421,847
Investments	<u>-</u>	<u>167,150</u>	<u>167,150</u>
<b>Total Assets</b>	<b><u>\$ 10,681,538</u></b>	<b><u>\$ 1,392,473</u></b>	<b><u>\$ 12,074,011</u></b>
<b><u>Liabilities and Net Assets</u></b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 141,082	\$ -	\$ 141,082
Accrued wages and benefits	879,692	-	879,692
Accrued interest	754	-	754
Economic Injury Disaster Loan (EIDL) - Current	2,644	-	2,644
Unearned revenue	<u>6,450</u>	<u>-</u>	<u>6,450</u>
<b>Total Current Liabilities</b>	1,030,622	-	1,030,622
Unearned revenue	466,923	-	466,923
Economic Injury Disaster Loan (EIDL)	<u>147,356</u>	<u>-</u>	<u>147,356</u>
<b>Total Liabilities</b>	<u>1,644,901</u>	<u>-</u>	<u>1,644,901</u>
<b>Net Assets</b>			
Without donor restrictions	7,564,175	-	7,564,175
Without donor restrictions - Board designated	1,472,462	-	1,472,462
With donor restrictions	<u>-</u>	<u>1,392,473</u>	<u>1,392,473</u>
<b>Total Net Assets</b>	<u>9,036,637</u>	<u>1,392,473</u>	<u>10,429,110</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 10,681,538</u></b>	<b><u>\$ 1,392,473</u></b>	<b><u>\$ 12,074,011</u></b>

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

**STARS NASHVILLE**  
**Statements of Financial Position (Continued)**  
**June 30, 2024**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 1,697,765	\$ 49,629	\$ 1,747,394
Investments	3,285,136	570,502	3,855,638
Accounts receivable	1,527,312	9,696	1,537,008
Unconditional promises to give	-	582,592	582,592
Grants receivable	222,110	-	222,110
Prepaid expenses	<u>33,786</u>	<u>-</u>	<u>33,786</u>
<b>Total Current Assets</b>	6,766,109	1,212,419	7,978,528
Property and equipment, net	2,531,658	-	2,531,658
Investments	<u>-</u>	<u>167,150</u>	<u>167,150</u>
<b>Total Assets</b>	<b><u>\$ 9,297,767</u></b>	<b><u>\$ 1,379,569</u></b>	<b><u>\$ 10,677,336</u></b>
<b><u>Liabilities and Net Assets</u></b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 59,765	\$ -	\$ 59,765
Accrued wages and benefits	977,034	-	977,034
Accrued interest	4,321	-	4,321
Unearned revenue	<u>14,028</u>	<u>-</u>	<u>14,028</u>
<b>Total Current Liabilities</b>	1,055,148	-	1,055,148
Economic Injury Disaster Loan (EIDL)	<u>150,000</u>	<u>-</u>	<u>150,000</u>
<b>Total Liabilities</b>	<u>1,205,148</u>	<u>-</u>	<u>1,205,148</u>
<b>Net Assets</b>			
Without donor restrictions	6,745,910	-	6,745,910
Without donor restrictions - Board designated	1,346,709	-	1,346,709
With donor restrictions	<u>-</u>	<u>1,379,569</u>	<u>1,379,569</u>
<b>Total Net Assets</b>	<u>8,092,619</u>	<u>1,379,569</u>	<u>9,472,188</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 9,297,767</u></b>	<b><u>\$ 1,379,569</u></b>	<b><u>\$ 10,677,336</u></b>

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, 2025**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Public Support and Revenue</b>			
Special events income	\$ 220,152	\$ 12,500	\$ 232,652
Special events income - nonfinancial assets	59,971	-	59,971
Less - Special events direct costs	(141,770)	-	(141,770)
Less - Special events direct costs - nonfinancial assets	<u>(9,451)</u>	<u>-</u>	<u>(9,451)</u>
Net special events income	128,902	12,500	141,402
School contract fees	10,257,978	-	10,257,978
Contributions of cash and financial assets	458,109	730,760	1,188,869
Grants	2,568,422	-	2,568,422
Investment income, net	373,131	54,860	427,991
Program service fees and funding	365,220	-	365,220
Miscellaneous	67,626	-	67,626
Net assets released from restrictions	<u>785,216</u>	<u>(785,216)</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	<u>15,004,604</u>	<u>12,904</u>	<u>15,017,508</u>
<b>Expenses</b>			
<b>Program Services</b>			
Youth services	12,948,062	-	12,948,062
<b>Supporting Services</b>			
Fundraising	400,410	-	400,410
Management and general	<u>712,114</u>	<u>-</u>	<u>712,114</u>
<b>Total Expenses</b>	<u>14,060,586</u>	<u>-</u>	<u>14,060,586</u>
 <b>Change in Net Assets</b>	 944,018	 12,904	 956,922
 <b>Net Assets - Beginning of Year</b>	 <u>8,092,619</u>	 <u>1,379,569</u>	 <u>9,472,188</u>
 <b>Net Assets - End of Year</b>	 <u>\$ 9,036,637</u>	 <u>\$ 1,392,473</u>	 <u>\$10,429,110</u>

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, 2024**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Public Support and Revenue</b>			
Special events income	\$ 195,275	\$ 5,000	\$ 200,275
Special events income - nonfinancial assets	47,173	-	47,173
Less - Special events direct costs	(136,178)	-	(136,178)
Less - Special events direct costs - nonfinancial assets	<u>(6,323)</u>	<u>-</u>	<u>(6,323)</u>
Net special events income	99,947	5,000	104,947
School contract fees	11,039,190	-	11,039,190
Contributions of cash and financial assets	332,457	753,765	1,086,222
Grants	1,285,644	-	1,285,644
Investment income, net	395,503	55,637	451,140
Program service fees and funding	450,983	-	450,983
Miscellaneous	56,344	-	56,344
Net assets released from restrictions	<u>876,124</u>	<u>(876,124)</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	<u>14,536,192</u>	<u>(61,722)</u>	<u>14,474,470</u>
<b>Expenses</b>			
<b>Program Services</b>			
Youth services	12,333,773	-	12,333,773
<b>Supporting Services</b>			
Fundraising	367,522	-	367,522
Management and general	<u>760,684</u>	<u>-</u>	<u>760,684</u>
<b>Total Expenses</b>	<u>13,461,979</u>	<u>-</u>	<u>13,461,979</u>
 <b>Change in Net Assets</b>	 1,074,213	 (61,722)	 1,012,491
 <b>Net Assets - Beginning of Year</b>	 <u>7,018,406</u>	 <u>1,441,291</u>	 <u>8,459,697</u>
 <b>Net Assets - End of Year</b>	 <u><u>\$ 8,092,619</u></u>	 <u><u>\$1,379,569</u></u>	 <u><u>\$ 9,472,188</u></u>

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

**STARS NASHVILLE**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2025 and 2024**

	<b><u>2025</u></b>			
	<b>Program Services</b>	<b>Supporting Services</b>		
	<b>Youth Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Personnel expense	\$ 11,969,938	\$ 319,169	\$ 552,446	\$ 12,841,553
Professional fees	247,315	10,821	62,421	320,557
Supplies	134,802	4,809	9,060	148,671
Communications	25,722	1,346	2,099	29,167
Postage	106	1,438	827	2,371
Occupancy	81,021	5,699	11,156	97,876
Equipment rental and maintenance	32	-	5,917	5,949
Printing and publications	202,459	25,713	13,114	241,286
Travel, meetings, and conferences	152,260	4,906	4,473	161,639
Insurance	39,248	718	25,641	65,607
Interest	-	-	4,125	4,125
Membership dues and awards	3,171	1,541	3,197	7,909
Miscellaneous expense	1,261	17,441	5,363	24,065
Total expenses before depreciation	12,857,335	393,601	699,839	13,950,775
Depreciation of property and equipment	90,727	6,809	12,275	109,811
<b>Total Expenses</b>	<b><u>\$ 12,948,062</u></b>	<b><u>\$ 400,410</u></b>	<b><u>\$ 712,114</u></b>	<b><u>\$ 14,060,586</u></b>
<b>Percent of Total Expenses</b>	<b><u>92%</u></b>	<b><u>3%</u></b>	<b><u>5%</u></b>	<b><u>100%</u></b>

	<b><u>2024</u></b>			
	<b>Program Services</b>	<b>Supporting Services</b>		
	<b>Youth Services</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Personnel expense	\$ 11,522,716	\$ 300,379	\$ 581,280	\$ 12,404,375
Professional fees	250,327	595	94,180	345,102
Supplies	69,652	5,748	9,763	85,163
Communications	23,878	1,853	2,283	28,014
Postage	44	845	777	1,666
Occupancy	74,665	5,502	10,542	90,709
Equipment rental and maintenance	-	-	6,688	6,688
Printing and publications	144,520	38,205	6,207	188,932
Travel, meetings, and conferences	108,177	4,256	577	113,010
Insurance	42,618	748	19,842	63,208
Interest	-	-	4,125	4,125
Membership dues and awards	4,547	543	2,746	7,836
National dues	-	-	3,750	3,750
Miscellaneous expense	2,348	1,557	4,022	7,927
Total expenses before depreciation	12,243,492	360,231	746,782	13,350,505
Depreciation of property and equipment	90,281	7,291	13,902	111,474
<b>Total Expenses</b>	<b><u>\$ 12,333,773</u></b>	<b><u>\$ 367,522</u></b>	<b><u>\$ 760,684</u></b>	<b><u>\$ 13,461,979</u></b>
<b>Percent of Total Expenses</b>	<b><u>92%</u></b>	<b><u>3%</u></b>	<b><u>5%</u></b>	<b><u>100%</u></b>

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

**STARS NASHVILLE**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	<u><b>2025</b></u>	<u><b>2024</b></u>
<b>Operating Activities</b>		
Change in net assets	\$ 956,922	\$ 1,012,491
<b>Adjustment to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities</b>		
Depreciation	109,811	111,474
Net unrealized (gains) losses on investments	79,957	(257,065)
Net realized (gains) losses on investments	(367,105)	(83,971)
Changes in operating assets and liabilities		
(Increase) decrease in unconditional promises to give - With donor restrictions	81,611	158,371
(Increase) decrease in accounts receivable - Unrestricted	805,397	(368,590)
(Increase) decrease in accounts receivable - Restricted	9,696	(9,696)
(Increase) decrease in grants receivable	(406,017)	43,718
(Increase) decrease in prepaid expenses	524	7,770
Increase (decrease) in accounts payable	81,317	(1,527)
Increase (decrease) in accrued wages and benefits	(97,342)	335,886
Increase (decrease) in accrued interest	(3,567)	(3,567)
Increase (decrease) in unearned revenue	459,345	(557)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>1,710,549</u>	<u>944,737</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	-	(2,650)
(Purchases) sales of investments, net	<u>(141,064)</u>	<u>(66,687)</u>
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>(141,064)</u>	<u>(69,337)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,569,485	875,400
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>1,747,394</u>	<u>871,994</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 3,316,879</u>	<u>\$ 1,747,394</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 7,692</u>	<u>\$ 7,692</u>

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

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**STARS NASHVILLE**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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**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 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.

The Organization is also accredited by CARF International which 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 accompanying 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 (Board).

**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 prevention, intervention, treatment, and training modalities related to school-based and community-based mental health counseling services to help all young people pursue their unlimited potential by providing hope, health, and connection.

**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 Standards 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 credit losses has a component related to accounts with known collection risks (specific reserve), a component based on historical collection experience, less the specific component of the allowance (general reserve), and reasonable and supportable forecasts of future economic conditions. There was no allowance for credit losses at June 30, 2025 or 2024. It is reasonably possible that management's estimate of the allowance for credit losses 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, 2025 and 2024, there was no expense for credit losses. 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, 2025 and 2024, \$2,430 and \$792, respectively, of accounts receivable and unconditional promises to give are greater than ninety days old and are still considered fully collectible.

***Right-of-Use Assets and Liabilities***

Right-of-Use (ROU) assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. ROU assets and liabilities with a term greater than twelve months are recognized at commencement date based on the present value of future lease payments over the lease term, which includes only payments that are fixed and determinable at the time of commencement. When readily determinable, the Organization uses the interest rate implicit in a lease to determine the present value of future lease payments. For leases where the implicit rate is not readily determinable, the Organization's incremental borrowing rate is used. The Organization calculates incremental borrowing rate on a periodic basis using a third-party financial model that estimates the rate of interest the Organization would have to pay to borrow an amount equal to the total lease payments on a collateralized basis over a term similar to the lease. The Organization applies its incremental borrowing rate using a portfolio approach. The ROU assets also include any lease payments made prior to commencement and are recorded net of any lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise such options.

***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, 2025 or 2024.

***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 \$798,120 and \$814,402 during the years ended June 30, 2025 and 2024, 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 an unconditional promise to give is made or 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 Statements 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.

### ***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 Items***

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 nonfinancial assets, or do not require specialized skills, are not recognized as support. Contributed auction items for a special event are recorded at fair market value, when determinable, otherwise at values indicated by the donor and then adjusted to the final bids from the auction. During the years ended June 30, 2025 and 2024, the Organization received auction items with a fair market value of \$60,157 and \$52,458, respectively, which were sold at auction for \$50,520 and \$40,850, respectively, which is included in special events income - nonfinancial assets on the Statements of Activities and Changes in Net Assets. During the years ended June 30, 2025 and 2024, the Organization has received various in-kind contributions of center pieces for events, and curriculum, valued at third party service rates and wholesale plant prices primarily for annual fundraising events valued at \$9,451 and \$6,323, which is included in special events income - nonfinancial assets and special events direct costs - nonfinancial assets, respectively, on the Statements of Activities and Changes in Net Assets. Contributions of marketable securities are recorded at fair value based on quoted market prices on the date of the gift. It is the policy of the Organization to sell contributed marketable securities as soon as reasonably possible upon receipt of the gift.

***Advertising***

Advertising is expensed as incurred.

***Reclassifications***

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 presentation.

***Events Occurring After the Reporting Date***

On October 30, 2025, the Organization executed a purchase agreement to purchase the back parking lot at 1704 Charlotte Avenue, Nashville, Tennessee (Lot # 2, Tax Parcel 092-08-0-388) from Pearl Street Development, GP for \$1,200,000. The Organization has determined that it is in their best interest to collectively acquire, own and operate the parking lot as Tenants-in-Common (TIC) with two other non-profit entities who own space in the Mid-Town Millworks Condo Association, Oasis Center and Big Brother Big Sisters of Middle TN (BBBS) referred to as the Non-Profit Group. The Non-Profit Group has agreed to collectively pursue fundraising efforts from donors for the express purpose of funding the purchase price and reimbursing the Organization. In the event the fundraising efforts fall short of raising the full \$1,200,000 purchase price, each member of the Non-Profit Group has agreed to make up the shortfall based on their equity interest in the TIC. While fundraising efforts will continue through June

30, 2026, the Organization has agreed to initially fund the \$1,200,000 purchase price at closing with the agreement from the Non-Profit Group to be re-paid as funds are raised. If at the end of the fundraising period on June 30, 2026, any member of the Non-Profit Group is unable to pay their pro-rata share of the fundraising shortfall, the Organization has agreed to cover the shortfall and obtain an off-setting increased equity interest in the TIC. The appraised Fair Market Value (FMV) of the property is \$8,275,000. The difference between the FMV and the selling price is being donated as a gift in kind from the seller.

It is anticipated that the closing will occur on or by December 30, 2025 as stated in the purchase agreement.

The Organization has evaluated events and transactions that occurred between July 1, 2025 and December 23, 2025, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

## Note 2 - Adoption of New Accounting Pronouncements

From time-to-time, new accounting pronouncements are issued by the FASB or other standards setting bodies that the Organization adopts as of the specified effective date. Unless otherwise discussed, management believes the impact of any other recently issued standards that are not yet effective are either not applicable at this time or will not have a material impact on the financial statements upon adoption.

## Note 3 - Liquidity and Availability

The Organization's financial assets available within one year of the Statements of Financial Position for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,316,879	\$ 1,747,394
Investments	4,283,850	3,855,638
Accounts receivable	721,915	1,537,008
Unconditional promises to give	500,981	582,592
Grants receivable	<u>628,127</u>	<u>222,110</u>
	9,451,752	7,944,742
Less - Financial assets with donor restrictions, excluding time restrictions that expire in the next twelve months	(482,062)	(453,654)
Less - Board designated restrictions	<u>(1,472,462)</u>	<u>(1,346,709)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,497,228</u>	<u>\$ 6,144,379</u>

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. The Board has designated certain amounts as a Building Reserve Fund. These amounts are not to be used for current operations; however, funds may be drawn upon in the event of financial need. At June 30, 2025 and 2024, the Organization also has an unused line of credit. Credit is extended based on an assigned loanable value of eligible securities the Organization maintains with the financial institution. Aggregate loanable value will be calculated based on the market value of each security. The Priority Credit Line carries an interest rate of prime rate less .5% and is collateralized by the securities.

#### Note 4 - Investments

Investments are stated at fair value (Level 1) and are summarized at June 30, 2025 and 2024, as follows:

	<u>2025</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Equity Funds	\$ 3,097,572	\$ 3,617,665	\$ 3,617,665
Mutual Funds	<u>807,548</u>	<u>833,335</u>	<u>833,335</u>
	<u>\$ 3,905,120</u>	<u>\$ 4,451,000</u>	<u>\$ 4,451,000</u>
	<u>2024</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Equity Funds	\$ 2,948,695	\$ 3,550,393	\$ 3,550,393
Mutual Funds	<u>448,256</u>	<u>472,395</u>	<u>472,395</u>
	<u>\$ 3,396,951</u>	<u>\$ 4,022,788</u>	<u>\$ 4,022,788</u>

The amounts invested, market value, and yields at June 30, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Fair value	\$ 4,451,000	\$ 4,022,788
Cost	<u>(3,905,120)</u>	<u>(3,396,951)</u>
Unrealized gain	<u>\$ 545,880</u>	<u>\$ 625,837</u>
Investment income	\$ 175,527	\$ 140,989
Net unrealized gain (loss) on investments	(79,957)	257,065
Net realized gain (loss) on sale of investments	367,105	83,971
Investment expenses	<u>(34,684)</u>	<u>(30,885)</u>
Investment income (loss), net	<u>\$ 427,991</u>	<u>\$ 451,140</u>

**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, 2025 and 2024, represent pledges for donations or grants as follows:

	<u><b>2025</b></u>	<u><b>2024</b></u>
United Way Services	\$ 475,981	\$ 582,592
Foundation	<u>25,000</u>	<u>-</u>
	<u><u>\$ 500,981</u></u>	<u><u>\$ 582,592</u></u>
Amounts due in less than one year	\$ 500,981	\$ 582,592
Amounts due in one to five years	<u>-</u>	<u>-</u>
	<u><u>\$ 500,981</u></u>	<u><u>\$ 582,592</u></u>

**Note 6 - Property and Equipment**

At June 30, 2025 and 2024, the Organization's building, property, and equipment are recorded as follows:

	<u><b>Useful Lives (Years)</b></u>	<u><b>2025</b></u>	<u><b>2024</b></u>
Land	-	\$ 335,000	\$ 335,000
Building and improvements	39	3,537,866	3,537,866
Furniture and equipment	2 - 7	<u>187,607</u>	<u>187,607</u>
		4,060,473	4,060,473
Less - Accumulated depreciation		<u>(1,638,626)</u>	<u>(1,528,815)</u>
		<u><u>\$ 2,421,847</u></u>	<u><u>\$ 2,531,658</u></u>

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$109,811 and \$111,474, 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, 2025 and 2024 were approximately \$203,000 and \$132,000, 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, 2025 and 2024 are available for the following purposes:

	<u>2025</u>	<u>2024</u>
For use in the year ended June 30, 2025	\$ -	\$ 797,765
For use in the year ended June 30, 2026	743,260	-
Endowment income not appropriated	458,212	403,352
Specific programs	15,869	3,320
Building	7,982	7,982
Endowment	<u>167,150</u>	<u>167,150</u>
	<u>\$ 1,392,473</u>	<u>\$ 1,379,569</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors at June 30, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Time restrictions	\$ 770,898	\$ 876,124
Specific programs	<u>14,318</u>	<u>-</u>
	<u>\$ 785,216</u>	<u>\$ 876,124</u>

## Note 9 - Endowment

Net assets with donor restrictions in the amount of \$167,150 at June 30, 2025 and 2024, 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 to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, if any, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board 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, 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 is required before any endowment funds are withdrawn.

Endowment net asset composition by type of fund as of June 30, 2025 and 2024 is as follows:

	<b><u>2025</u></b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total Net Endowment Assets</u></b>
Donor-restricted endowment funds	\$ -	\$ 167,150	\$ 167,150
Amounts not appropriated	<u>-</u>	<u>458,212</u>	<u>458,212</u>
Total funds	<u>\$ -</u>	<u>\$ 625,362</u>	<u>\$ 625,362</u>



	<b><u>2024</u></b>		<b>Total Net Endowment Assets</b>
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	
Donor-restricted endowment funds	\$ -	\$ 167,150	\$ 167,150
Amounts not appropriated	<u>-</u>	<u>403,352</u>	<u>403,352</u>
Total funds	<u>\$ -</u>	<u>\$ 570,502</u>	<u>\$ 570,502</u>

Changes in endowment net assets as of June 30, 2025 and 2024 are as follows:

	<b><u>2025</u></b>		<b>Total Net Endowment Assets</b>
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	
Endowment net assets - beginning of year	\$ -	\$ 570,502	\$ 570,502
Investment income (loss)	-	10,101	10,101
Net appreciation (depreciation)	<u>-</u>	<u>44,759</u>	<u>44,759</u>
Endowment net assets - end of year	<u>\$ -</u>	<u>\$ 625,362</u>	<u>\$ 625,362</u>

	<b><u>2024</u></b>		<b>Total Net Endowment Assets</b>
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	
Endowment net assets - beginning of year	\$ -	\$ 514,865	\$ 514,865
Investment income (loss)	-	9,851	9,851
Net appreciation (depreciation)	<u>-</u>	<u>45,786</u>	<u>45,786</u>
Endowment net assets - end of year	<u>\$ -</u>	<u>\$ 570,502</u>	<u>\$ 570,502</u>

#### 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 payments totaling \$641 will begin thirty months from the date of the loan. Accrued interest is being paid before any principal payments begin. The interest rate is 2.75% and began accruing on the date the Organization received the EIDL fund. 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, 2025 are summarized as follows:

2026	\$ 2,644
2027	3,613
2028	3,716
2029	3,821
2030	3,930
Thereafter	<u>132,276</u>
	<u>\$ 150,000</u>

### Note 11 - Grant Revenue

Grant revenue - Federal, state, and local awards (conditional contributions) for the years ending June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
<b>Conditional Grants</b>		
Fee based grants for treatment of substance abuse	\$ 329,021	\$ 303,645
Fee based grants for prevention of substance abuse	369,000	340,478
Cost reimbursement grants for prevention of substance abuse and mental health services	1,480,785	586,752
Cost reimbursement grants for other programs	<u>389,616</u>	<u>54,769</u>
<b>Total Conditional Grants</b>	<u>\$ 2,568,422</u>	<u>\$ 1,285,644</u>

Related to conditional grants are amounts totaling \$547,451 and \$577,907, respectively, which have not been recognized as of June 30, 2025 and 2024, 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 \$68,000 and \$56,000, respectively, at June 30, 2025 and 2024, 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 \$7,000 for the years ended June 30, 2025 and 2024, and is included in equipment rental and maintenance on the Statements of Functional Expenses. There is one immaterial operating lease that exceeds one year at June 30, 2025 and 2024.

The future minimum payments at June 30, 2025 are as follows:

2026	\$ 3,250
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### 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, 2022 through 2024), or expected to be taken in the Organization’s tax return for the year ended June 30, 2025. The Organization identifies 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, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
Deferred tax asset		
Net operating carryforwards - Federal	\$ 22,000	\$ 22,000
Net operating carryforwards - State	1,000	1,000
Valuation allowance	<u>(23,000)</u>	<u>(23,000)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

During the years ended June 30, 2025 and 2024, the Organization did not recognize any interest and penalties relating to taxes, nor were any accrued at June 30, 2025 and 2024. The valuation allowance did not change during the years ended June 30, 2025 and 2024.

**Note 14 - Related Party Transactions**

The Organization paid annual dues of \$0 and \$3,750, respectively, for the years ended June 30, 2025 and 2024 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, 2025 and 2024, the Board designated \$1,472,462 and \$1,346,709, respectively, of investments and cash and cash equivalents for the Building Reserve Fund, which is 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 during 2025 and 2024:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Metropolitan Nashville Public Schools	39%	43%
Williamson County Board of Education	21%	20%
Tennessee Department of Mental Health	13%	6%

At June 30, 2025, one (1) organization represents 84% of grants receivable, 95% of unconditional promises to give is due from three (3) local United Way organizations, and two (2) organizations represent 98% of accounts receivable.

At June 30, 2024, one (1) organization represents 74% of grants receivable, 92% of unconditional promises to give is due from two (2) local United Way organizations, and two (2) organizations represent 98% 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, 2025 and 2024 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 - Employee Retention Credit**

The CARES Act included a provision for the Employee Retention Credit (ERC), a refundable tax credit against certain taxes equal to 50% of qualified wages an eligible employer pays to employees after March 12, 2020 and before January 1, 2021. On December 27, 2020, the Taxpayer Certainty and Disaster Tax Relief Act of 2020, amended and extended the ERC credit through September 30, 2021.

In January 2024, the Organization filed for the ERC in the amount of \$1,394,884 regarding multiple quarters and, subsequently, amended payroll tax returns were submitted to the Internal Revenue Service. The Organization is treating the credit as a contingent gain and therefore will not be recorded until approved, received, and the audit window closes. During the year ended June 30, 2025, the Organization received \$407,408 in ERC credits for three quarters plus \$59,515 in interest income which is reported as long term deferred revenue of \$466,923 on the Statements of Financial Position. On the Organization's Form 990 Return of Organization Exempt from Income Tax for the year ended June 30, 2025, the \$466,923 will be reported as income which will create a book/tax difference.

## **SUPPLEMENTARY INFORMATION**

**STARS Nashville**  
**Schedule of Expenditures of Federal, State and Local Awards**  
**Year Ended June 30, 2025**

<u>Federal Grantor Agency/ Pass-Through Grantor Agency/ State or Local Program Title</u>	<u>Program Name</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
<b>Federal Awards</b>				
<b>U.S. Department of Health and Human Services:</b>				
Direct Award Substance Abuse and Mental Health Services Administration				
Center for Substance Abuse Prevention				
	Strategic Prevention Framework Partnerships for Success	93.243	5H79SP082585-04	\$ 24,803
	Strategic Prevention Framework Partnerships for Success	93.243	5H79SP082585-05	299,379
	Sub-total 93.243			324,182
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 82389_2024-2025_015	369,000
	Adolescent Substance Use Disorders Services Program (ASUDSP)	93.959	DGA 82374_2024-2025_010	255,852
	Addictions Recovery Program (ARPA)	93.959	DGA 82413_2024-2026_224	12,182
	Coalition (Nashville Thrives)	93.959	DGA 82379_2024-2025_041	78,822
	Coalition Workforce (ARPA SUPTRS BG)	93.959	DGA 82413_2024-2026_067	3,173
	Sub-total 93.959			719,029
	State Targeted Response to the Opioid Crisis	93.788	DGA 78005_2023-2024_052	259,731
	Sub-total 93.788			259,731
Medicaid Cluster	State Targeted Response to the Opioid Crisis SOR IV	93.778	DGA 86558_2025-2026_010	35,520
	Changing Behavior, Coordinating Care SOR IV (Coalition SOR IV)	93.778	DGA 86554_2024-2025_037	12,954
	Sub-total 93.778 and Medicaid Cluster			48,474
Through Tennessee Department of Education				
	Bullying Prevention Training	93.243	24120FAS1	12,120
	Sub-total 93.243			12,120
	Total U.S. Department of Health and Human Services			1,363,536
<b>U.S. Department of Justice:</b>				
Direct Award Office Justice Programs				
	Bureau of Justice Assistance - STOP School Violence	16.839	2019-YS-BX-0315	284,597
	Sub-total 16.839			284,597
Through Tennessee Department of Mental Health and Substance Abuse Services				
	Regional First Responders: Resource Engagement Speciality Team	16.838	DGA 85255_2024-2025_107	58,178
	Sub-total 16.838			58,178
	Total U.S. Department of Justice			342,775
	<b>Total Federal Awards</b>			1,706,311
<b>State Awards</b>				
Tennessee Department of Mental Health and Substance Abuse Services				
	Addiction Recovery Program	N/A	DGA 82372_2024-2025_074	60,987
	Lifeline Peer Project	N/A	Edison ID 82438	72,300
	TN Prevention Network	N/A	DGA 82389_2024-2025_015	1,797
	Coalition Workforce (ARPA SUPTRS BG)	N/A	DGA 82379_2024-2025_041	5,959
	K-12 Mental Health Trust Fund	N/A	Edison ID 83389	92,898
	Infrastructure			
	Problem Gambling Enhanced	N/A	Edison ID 84006	585,844
	Student Assistance			
	<b>Total State Awards</b>			819,785
<b>Local Awards</b>				
	Metro Nashville Community Partnership Fund - Juvenile Court Youth Violence Reduction	N/A	L-6243	42,326
	<b>Total Local Awards</b>			42,326
	<b>Total Federal, State and Local Awards</b>			\$ 2,568,422

**STARS Nashville**  
**Schedule of Expenditures of Federal, State, and Local Awards (Continued)**  
**Year Ended June 30, 2025**

**Notes to Schedule of Expenditures of Federal, State, and Local Awards**

**Note 1 - Basis of Presentation and Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal, State, and Local 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 and local assistance for the year ended June 30, 2025. 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, 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 de minimis indirect cost rate for the reimbursable grants allowed under the Uniform Guidance and transitioned from the 10% rate to the 15% rate that Uniform Guidance approved during the fiscal year. The transition to the higher de minimis indirect rate occurred on each grant as the agency received approval from funders and funds were available to cover the higher rate. The Organization continued to use the 10% de minimis indirect rate when approval was not obtained or when there was not enough funding in the grant to cover the higher rate. The following grants transitioned to the 15% de minimis indirect rate during the fiscal year: Strategic Prevention Framework Partnership for Success, Block grant for the Prevention and Treatment of Substance Abuse – Coalition Funding; TN State Targeted Response to the Opioid Crisis IV; Changing Behavior Coordinating Care; Regional First Responders; and Problem Gambling Enhanced Student Assistance. The following grants remained at the 10% de minimis indirect rate during the fiscal year: Lifeline Peer Project; K-12 Mental Health Trust Fund Infrastructure Funding; Bureau of Justice Assistance – STOP School Violence; and State Targeted Response to the Opioid Crisis III.

The Organization did not pass any awards through to sub-recipients for the year ended June 30, 2025.

**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, 2025, 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, and have issued our report thereon dated December 23, 2025.

***Report on 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 or significant deficiencies may exist that were not identified.

***Report on 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 or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
Nashville, Tennessee  
December 23, 2025

**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**

***Opinion on Each Major Federal Program***

We have audited STARS Nashville's (the Organization), a nonprofit organization, compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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.

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, 2025.

***Basis for Opinion on Each Major Federal Program***

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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Organization's compliance with the compliance requirements referred to above.

*(Auditor's report continued on next page)*

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***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Organization's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

*(Auditor's report continued on next page)*

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in blue ink that reads "Puryear & Noonan, CPAs PLLC". The signature is written in a cursive, flowing style.

Puryear & Noonan, CPAs  
Nashville, Tennessee  
December 23, 2025

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**STARS Nashville**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

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**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)*

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**STARS Nashville**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

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Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.788	State Targeted Response to the Opioid Crisis
16.839	Bureau of Justice Assistance - STOP School Violence

Dollar threshold used to distinguish  
between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  X   yes             no

**Section II    Financial Statement Findings**

No matters were reported.

**Section III   Federal Award Findings and Questioned Costs**

No matters were reported.

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**STARS Nashville**  
**Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2025**

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No findings were reported during the prior year audit.