

**STAR-C CORPORATION**  
**(a nonprofit organization)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Star-C Corporation  
Atlanta, Georgia

### **Opinion**

We have audited the accompanying financial statements of Star-C Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Star-C Corporation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Star-C Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

### **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 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, 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 Star-C Corporation'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 Star-C Corporation's ability to continue as a going concern for a reasonable period of time.

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

#### **Report on Summarized Comparative Information**

We have previously audited Star-C Corporation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CERTIFIED PUBLIC ACCOUNTANTS

November 19, 2024  
Duluth, Georgia

**STAR-C CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

**ASSETS**

	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 968,395	\$ 1,396,290
Accounts receivable, net of allowance for doubtful accounts of \$0 at June 30, 2024 and 2023	25,241	25,300
Right-of-use asset, operating	-	66,308
<b>TOTAL ASSETS</b>	<b>\$ 993,636</b>	<b>\$ 1,487,898</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 39,317	\$ 34,968
Lease liabilities, operating	-	68,444
<b>Total Liabilities</b>	<b>39,317</b>	<b>103,412</b>
<b>NET ASSETS:</b>		
Without donor restrictions	873,641	1,384,486
With donor restrictions	80,678	-
	<b>954,319</b>	<b>1,384,486</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 993,636</b>	<b>\$ 1,487,898</b>

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

**STAR-C CORPORATION**  
**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2024</u>	<u>2023</u>
<b><u>SUPPORT AND REVENUE</u></b>				
Support:				
Contributions	\$ 389,561	\$ 2,000,000	\$ 2,389,561	\$ 1,356,204
Grants	297,073	-	297,073	10,026
	<hr/>	<hr/>	<hr/>	<hr/>
Total support	686,634	2,000,000	2,686,634	1,366,230
Revenue:				
Program services	395,628	-	395,628	179,003
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	395,628	-	395,628	179,003
Other income:				
Interest income	29,849	-	29,849	-
Other income	5,935	-	5,935	-
Total other income	<hr/>	<hr/>	<hr/>	<hr/>
	35,784	-	35,784	-
Net assets released from restrictions	<hr/>	<hr/>	<hr/>	<hr/>
	1,919,322	(1,919,322)	-	-
Total support and revenue	<hr/>	<hr/>	<hr/>	<hr/>
	3,037,368	80,678	3,118,046	1,545,233
<b><u>EXPENSES</u></b>				
Program services	3,123,755	-	3,123,755	458,877
Management and general	424,458	-	424,458	205,073
Fundraising	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
Total expenses	<hr/>	<hr/>	<hr/>	<hr/>
	3,548,213	-	3,548,213	663,950
Change in net assets	<hr/>	<hr/>	<hr/>	<hr/>
	(510,845)	80,678	(430,167)	881,283
Net assets, beginning of year	1,384,486	-	1,384,486	504,613
Adjustment for adoption of accounting standard	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	(1,410)
Net assets, beginning of year, as restated	<hr/>	<hr/>	<hr/>	<hr/>
	1,384,486	-	1,384,486	503,203
Net assets, end of year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 873,641	\$ 80,678	\$ 954,319	\$ 1,384,486

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

**STAR-C CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (430,167)	\$ 881,283
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of right-of-use asset	(2,136)	17,120
Decrease (increase) in accounts receivable	59	(20,783)
Increase in accounts payable and accrued expenses	4,349	7,569
Decrease in deferred revenue	<u>-</u>	<u>(2,112)</u>
Net cash provided by (used by) operating activities	<u>(427,895)</u>	<u>883,077</u>
Cash flows from financing activities:		
Payment of lease liabilities	<u>-</u>	<u>(16,394)</u>
Net cash used by used by financing activities	<u>-</u>	<u>(16,394)</u>
Net change in cash	(427,895)	866,683
Cash, beginning of period	<u>1,396,290</u>	<u>529,607</u>
Cash, end of period	<u>\$ 968,395</u>	<u>\$ 1,396,290</u>

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

**STAR-C CORPORATION**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2024</u>	<u>2023</u>
Salaries & benefits:					
Salaries	\$ 772,479	\$ 230,741	\$ -	\$ 1,003,220	\$ 337,768
Payroll taxes	<u>59,094</u>	<u>17,652</u>	<u>-</u>	<u>76,746</u>	<u>14,545</u>
Total salaries and benefits	<u>831,573</u>	<u>248,393</u>	<u>-</u>	<u>1,079,966</u>	<u>352,313</u>
Other expenses:					
Contract labor	138,010	19,831	-	157,841	90,672
Eviction relief	1,768,410	-	-	1,768,410	-
Professional fees	-	6,700	-	6,700	19,350
Lease expense	-	44,702	-	44,702	24,210
Computer supplies	77,918	-	-	77,918	19,814
Management fees	-	53,028	-	53,028	53,028
Insurance	84,916	9,435	-	94,351	44,110
Supplies	173,065	33,818	-	206,883	29,909
After-school programs	646	-	-	646	1,281
Meetings	6,782	7,578	-	14,360	14,587
Miscellaneous	<u>42,435</u>	<u>973</u>	<u>-</u>	<u>43,408</u>	<u>14,676</u>
Total other expenses	<u>2,292,182</u>	<u>176,065</u>	<u>-</u>	<u>2,468,247</u>	<u>311,637</u>
Total expenses	<u>\$ 3,123,755</u>	<u>\$ 424,458</u>	<u>\$ -</u>	<u>\$ 3,548,213</u>	<u>\$ 663,950</u>

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



**STAR-C CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

Nature of Activities

Star-C Corporation (the Organization) was formed in June 2014 to provide educational and wellness programs to residents of low-income and blighted housing projects.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Support and Revenue

The Organization's primary sources of funding are contributions from private parties and businesses, service fees received from participating apartment communities, and grants from foundations and other sources. For the years ended June 30, 2024 and 2023, the apartment communities contributed approximately 30% of the costs of the program.

Contributions

All contributions are recorded as net assets without donor restrictions, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Trade Accounts Receivable

Trade accounts receivable is recorded net of the allowance for doubtful accounts. The allowance is estimated from historical performance, projections of trends and analysis of specific troubled accounts.

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**STAR- C CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines the lease classification as operating or finance at the lease commencement date. For the year ended June 30, 2023, the Organization adopted Auditing Standards Update 2016-02, *Leases*. The Organization elected to use the additional transition method in Auditing Standards Update 2018-11, *Leases*, in which the Organization records the effect of the standard in the year of adoption.

Leases results in the recognition of Right-of-Use (“ROU”) assets and lease liabilities on the balance sheet. ROU assets represent the right to use an underlying asset for the lease term, and the lease liabilities represent the obligation to make lease payments. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Organization’s lease does not provide for an implicit rate, to determine the present value of the lease payments, management uses the Organization’s incremental borrowing rate based on the information available at lease commencement. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for the fiscal years ended June 30, 2024 and 2023.

The Organization’s Returns of Organizations Exempt from Income Tax (Form 990) for the years ended June 30, 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they are filed.

Cash Flows

For the purposes of the statement of cash flows, cash is defined as cash in banks and investments with an original maturity of three months or less when purchased.

**STAR-C CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 – NEW ACCOUNTING PRONOUNCEMENT**

In June 2016, the FASB issued ASC Topic 326, *Financial Instruments – Credit Losses*. This guidance changes how entities will measure credit losses for most financial assets. The most significant change to this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in ASC 326 were trade accounts receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

**NOTE 3 – ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES**

Trade accounts receivable are recorded net of the allowance for credit losses. At each balance sheet date, the Organization recognizes an expected allowance for credit losses. In addition, also at each balance sheet date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The allowance estimate is derived from a review of the Organization’s historical losses based on the aging of receivables. This estimate is adjusted to management’s assessment of current conditions, reasonable and supportable forecasts regarding future events and any other factors deemed relevant by the Organization.

The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the company’s customers have remained constant since the Organization’s inception.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income in the year of recovery. The total amount of write-offs was immaterial to the financial statements as a whole for the year ending June 30, 2024.

**STAR-C CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Organization plans to maintain an adequate level of unrestricted net assets to support the organization’s day-to-day operations in the event of unforeseen shortfalls. The Organization’s liquid assets consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$968,395	\$1,396,290
Accounts receivable due within one year	25,241	25,300
Less: net assets with donor restrictions	( 80,678)	-
	<u>\$912,958</u>	<u>\$1,421,590</u>

The Organization manages its liquidity by analyzing cash needs for general expenditures within one year and determining necessary steps to maintain its liquidity position.

**NOTE 5 – DONATIONS**

For the year ended June 30, 2024, the Organization received a donation from the City of Atlanta for the purpose of eviction relief for residents of the city. The total donation was \$2,000,000, of which \$1,700,000 is to be used for eviction relief and \$300,000 is to be used for administrative costs. As of June 30, 2024, \$80,678 remains to be expended.

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of funds restricted for eviction relief of \$80,678.

**NOTE 7 – RELEASE OF ASSET RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	<u>2024</u>	<u>2023</u>
Eviction relief	\$1,919,322	\$ -
	<u>\$1,919,322</u>	<u>\$ -</u>

**STAR-C CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 8 – LEASES**

As of June 30, 2023, the Organization leased office space under an operating lease. The lease had a term of five years and was scheduled to expire June 30, 2026.

The following summarizes the line items in the balance sheets which include amounts for operating leases as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Right-of-use assets – operating	\$ -	\$66,308
Operating lease liabilities	\$ -	\$68,444

The incremental borrowing rate used to calculate the present value was 5.75%.

In July, 2023, the Organization terminated its lease and negotiated a new lease effective July 1, 2023. The term of the new lease is twelve months, and therefore is not subject to the lease accounting in ASU 2018-11.

Lease expense for the years ended June 30, 2024 and 2023 was \$44,702 and \$24,210, respectively.

**NOTE 9 – FUNCTIONAL EXPENSE ALLOCATION**

Most expenses are directly allocated to the three functions, Program Services, Management and General and Fundraising depending on the purpose of the expense. Salaries and payroll taxes are allocated based on the time spent on each function by personnel. Expenses such as utilities and insurance are allocated to each function based on the amount of space used for each function.

**NOTE 10 – RELATED PARTY TRANSACTIONS**

Three of the Organization’s board members are partners in the ownership of two apartment complexes to which the Organization provides services. During the years ended June 30, 2024 and 2023, the apartment complexes paid the Organization \$48,000 each year.

The Organization rents office space from a company owned by three of its board members. Total rent paid during the years ended June 30, 2024 and 2023 was \$44,702 and \$24,210, respectively.

The Organization pays management fees to a company owned by one of its board members. For the years ended June 30, 2024 and 2023, total fees paid were \$53,028 each year. As of June 30, 2024 and 2023, amounts owed to the related party were \$4,419 each year.

**STAR-C CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 11 – PRIOR YEAR INFORMATION**

The statements of activities and functional expenses include certain prior year summarized comparative information in total but not by asset/program. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2023, from which the information was derived.

**NOTE 12– SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 19, 2024, which is the date the financial statements were available to be issued.