

STAR CENTER FOUNDATION

dba

STAR INSTITUTE FOR SENSORY PROCESSING DISORDER

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED

DECEMBER 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Centennial, Colorado

Opinion

We have audited the financial statements of STAR Center Foundation dba STAR Institute for Sensory Processing Disorder, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of STAR Center Foundation dba STAR Institute for Sensory Processing Disorder as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 STAR Center Foundation dba STAR Institute for Sensory Processing Disorder 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 opinion.

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 STAR Center Foundation dba STAR Institute for Sensory Processing Disorder's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 STAR Center Foundation dba STAR Institute for Sensory Processing Disorder'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 STAR Center Foundation dba STAR Institute for Sensory Processing Disorder'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.

Watson Coon Ryan, LLC

January 17, 2023
Centennial, Colorado

STAR Center Foundation
dba STAR Institute For Sensory Processing Disorder
Statements of Financial Position
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 513,971	\$ 364,974
Accounts receivable, net of allowance	32,533	12,859
Employee retention credit receivable	287,486	-
Educational merchandise inventory	6,044	6,044
Building, improvements and equipment, net	<u>3,008,048</u>	<u>3,014,289</u>
Total assets	<u>\$ 3,848,082</u>	<u>\$ 3,398,166</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 93,870	\$ 74,514
Accrued payroll and payroll taxes	99,291	113,433
Deferred revenue	111,116	77,794
Notes payable to a bank	2,251,267	2,329,071
Note payable to trust	461,408	476,989
Capital lease payable	<u>-</u>	<u>1,500</u>
Total liabilities	3,016,952	3,073,301
Net assets		
Without donor restrictions	692,885	199,354
With donor restrictions	<u>138,245</u>	<u>125,511</u>
Total net assets	<u>831,130</u>	<u>324,865</u>
	<u>\$ 3,848,082</u>	<u>\$ 3,398,166</u>

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

STAR Center Foundation
dba STAR Institute For Sensory Processing Disorder
Statements of Activities
For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and support						
Program service revenues						
Treatments	\$ 1,234,877	\$ -	\$ 1,234,877	\$ 1,042,997	\$ -	\$ 1,042,997
Education	616,835	-	616,835	673,163	-	673,163
Support						
Contributions	220,406	100,000	320,406	200,546	2,500	203,046
Federal stimulus grant	563,274	-	563,274	391,332	-	391,332
Other income	13,396	-	13,396	2,494	-	2,494
Gain on sale of asset	-	-	-	43,125	-	43,125
Net assets released from restrictions	87,266	(87,266)	-	69,150	(69,150)	-
Total revenue and support	2,736,054	12,734	2,748,788	2,422,807	(66,650)	2,356,157
Expenses:						
Program services	1,813,007	-	1,813,007	1,847,577	-	1,847,577
Management and general	332,032	-	332,032	155,577	-	155,577
Fundraising	97,484	-	97,484	148,240	-	148,240
	2,242,523	-	2,242,523	2,151,394	-	2,151,394
Change in net assets	493,531	12,734	506,265	271,413	(66,650)	204,763
Net assets, beginning of year	199,354	125,511	324,865	(72,059)	192,161	120,102
Net assets, end of year	\$ 692,885	\$ 138,245	\$ 831,130	\$ 199,354	\$ 125,511	\$ 324,865

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

STAR Center Foundation
dba STAR Institute For Sensory Processing Disorder
Statements of Functional Expenses
For the years ended December 31, 2021 and 2020

	<u>2021</u>				<u>2020</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,031,885	\$ 136,210	\$ 59,024	\$ 1,227,120	\$ 1,053,378	\$ 89,269	\$ 47,610	\$ 1,190,257
Payroll taxes	80,095	10,573	4,581	95,249	78,282	6,634	3,538	88,454
Pension and other benefits	58,142	7,675	3,326	69,142	59,072	5,006	2,670	66,748
Bad debt expense	-	28,306	-	28,306	-	-	-	-
Conferences and meetings	36,223	-	-	36,223	43,047	-	-	43,047
Depreciation and amortization	48,913	6,457	2,798	58,168	76,188	6,457	3,444	86,089
Information technology	69,324	5,510	2,388	77,222	70,974	3,712	1,980	76,666
Insurance	-	14,589	-	14,589	9,010	764	407	10,181
Interest	105,671	13,949	6,044	125,664	114,615	9,713	5,180	129,508
Marketing and promotion	7,372	31,408	5,643	44,423	-	-	45,455	45,455
Merchant processing fees	70,786	-	6,267	77,053	56,527	-	3,353	59,880
Occupancy	94,741	12,506	5,419	112,666	85,322	7,231	3,856	96,409
Office expenses	16,832	3,035	963	20,830	13,159	2,095	584	15,838
Other expenses	31,185	6,764	955	38,904	37,809	5,468	1,002	44,279
Professional service fees	143,654	54,777	-	198,431	117,290	19,228	29,161	165,679
Travel and meals	18,184	274	75	18,533	32,904	-	-	32,904
Total Expenses	\$ 1,813,007	\$ 332,032	\$ 97,484	\$ 2,242,523	\$ 1,847,577	\$ 155,577	\$ 148,240	\$ 2,151,394

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

STAR Center Foundation
dba STAR Institute For Sensory Processing Disorder
Statements of Cash Flows
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 506,265	\$ 204,763
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	58,167	86,088
Gain on disposition of assets	-	(43,125)
Amortization of debt discount	29,419	27,711
In kind contribution of fixed asset addition	-	(20,350)
Allowance for doubtful accounts	28,306	-
Change in operating assets and liabilities:		
Accounts receivable	(335,466)	(10,059)
Education merchandise inventory	-	50
Accounts payable	(20,057)	(89,006)
Accrued payroll	(14,142)	6,905
Deferred revenue	33,322	15,034
Deferred property tax credit	-	(31,902)
Net cash from operating activities	<u>285,814</u>	<u>146,109</u>
Cash flows from investing activities:		
Purchase of property and equipment	(12,513)	(118,463)
Proceeds from sale of property and equipment	-	45,000
Cash flows from investing activities	<u>(12,513)</u>	<u>(73,463)</u>
Cash flows from financing activities:		
Principal paid on capital lease obligation	(1,500)	(5,185)
Principal paid on note payable to trust	(45,000)	-
Principal paid on note payable to a bank	(77,804)	(72,465)
Cash flows from financing activities	<u>(124,304)</u>	<u>(77,650)</u>
Net change in cash	148,997	(5,004)
Cash, beginning of period	<u>364,974</u>	<u>369,978</u>
Cash, end of period	<u>\$ 513,971</u>	<u>\$ 364,974</u>
Supplemental cash flow disclosure:		
Interest paid	\$ 95,994	\$ 101,797
Purchase of property with debt	39,413	-

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

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Notes to the Financial Statements
December 31, 2021 and 2020

1. Principal Activity and Summary of Significant Accounting Policies

Organization

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder (“STAR”) is a Colorado Non-profit corporation based in Denver, Colorado. STAR’s vision is a world in which all people with Sensory Processing Disorder, a neurological condition that disrupts the daily lives of many children and adults, receive support and services that result in having a meaningful and fulfilled life. This is accomplished by STAR’s mission to provide: comprehensive assessment and effective intervention for Sensory Processing Disorder, rigorous research with collaborating university-based research partners, education for caregivers, pediatric professionals, and educators; and advocacy for official recognition of Sensory Processing Disorder worldwide. STAR is a world leader in treatment, research, education, and advocacy for Sensory Processing Disorder.

Cash and Cash Equivalents

STAR considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents

Receivables and Credit Policies

Accounts receivable consist primarily of amounts due for patient therapy and educational programs. STAR determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. Allowance for bad debt at December 31, 2021 and 2020 was \$28,306 and \$-, respectively. At December 31, 2019, the accounts receivable balance was \$2,800 and deferred revenue balance was \$62,760.

Education Merchandise Inventory

STAR inventory comprises program-related merchandise held for sale and is stated at cost determined by the retail method.

Building, improvements and equipment, net

STAR records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 46 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Notes to the Financial Statements
December 31, 2021 and 2020

respective assets are expensed currently.

STAR reviews the carrying values of property and equipment for impairment whenever events or 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. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2021 and 2020.

Net Assets

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

Net Assets without donor restrictions: Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of STAR. These net assets may be used at the discretion of STAR's management and the board of directors.

Net Assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of STAR or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. STAR reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

STAR recognizes revenue from providing patient therapy and education products and services when the performance obligations of transferring the products and providing the services are met. Merchandise sales are recognized at the time of purchase. Membership dues are considered substantially a contribution and are recognized when received. Payment is generally required in advance of patient therapy programs and education services and amounts received in advance are deferred to the applicable period. Special event revenue is recognized when the event occurs. All goods and services are transferred at a point in time.

STAR recognizes contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been substantially met.

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Notes to the Financial Statements
December 31, 2021 and 2020

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to STAR's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. generally accepted accounting principles.

Contributed goods and property are recorded at fair value at the date of donation. Donated professional services are recorded at the fair value of the services received. During the year ended December 31, 2020, construction management time was donated to STAR. The fair value of these services is \$20,350. No significant contributions of such goods or services were received during the year ended December 31, 2021.

Marketing and Promotion

Marketing and promotion costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

STAR is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC 501(a) as an organization described in IRC Section 501(c)(3). STAR is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, STAR is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. STAR has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, STAR may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of STAR and various positions related to the potential sources of unrelated business taxable income. There were no uncertain tax positions identified by management for the year ended December 31, 2021 and 2020.

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Notes to the Financial Statements
December 31, 2021 and 2020

Estimates

The preparation of STAR's financial statements in conformity with generally accepted accounting principles requires STAR's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Accordingly, actual results could differ from those estimates. Significant estimates in these financial statements include the allocation of expenses on a functional basis.

Financial Instruments and Credit Risk

STAR manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, STAR has not experienced losses in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates.

Recent Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021. STAR management believes the effect of this update will be minimal to its financial statements.

2. Available Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 513,971	\$ 364,974
Accounts receivable, net	32,533	12,859
Less net assets with donor restrictions	<u>(138,245)</u>	<u>(125,511)</u>
Available to meet cash needs for general expenditures within one year	<u>\$ 408,259</u>	<u>\$ 252,322</u>

STAR regularly monitors liquidity and operates under a budget to meet its operating needs and other contractual commitments. STAR management has a financial goal to maintain adequate cash on hand to meet a minimum of 60 days of operating expenses.

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Notes to the Financial Statements
December 31, 2021 and 2020

3. Building, Improvements and Equipment, net

The following summarize STAR's property and equipment at December 31,:

	<u>2021</u>	<u>2020</u>
Office building and improvements	\$ 3,036,629	\$ 3,036,628
Playground research site	287,699	287,699
Furniture and equipment	223,226	171,300
Electronic learning platform	30,438	30,438
Accumulated depreciation	(569,944)	(511,776)
	<u>\$ 3,008,048</u>	<u>\$ 3,014,289</u>

4. Notes Payable to a Bank

Notes payable to STAR's bank consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Note payable incurred in 2019 to purchase an office building, in the original amount of \$2,300,000, secured by the office building, calling for 119 monthly payments of principal and interest of \$12,345 with the remaining balance due at maturity, bearing interest at 4.1%, and maturing in October 2029.	\$2,181,219	\$2,238,411
Note payable incurred in 2019 to improve the office building, in the original amount of \$110,000, secured by the general assets of STAR, calling for monthly payments of principal and interest of \$2,138, bearing interest at 6.14%, and maturing in December 2024.	<u>70,048</u>	<u>90,660</u>
	<u>\$2,251,267</u>	<u>\$2,329,071</u>

Future maturities of the notes payable are as follows:

2022	\$ 81,756
2023	85,646
2024	89,336
2025	67,586
2026	70,414
Thereafter	<u>1,856,529</u>
	<u>\$ 2,251,267</u>

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Notes to the Financial Statements
December 31, 2021 and 2020

5. Note Payable to a Trust

On October 23, 2019, STAR received \$600,000 in exchange for an unsecured note payable to a Trust established by a Board Member. The note does not bear interest and matures on October 31, 2024. STAR recorded a contribution with donor restrictions for the difference between the stated zero interest rate and STAR's market interest rate of 6% in the amount of \$155,761. At the end of each year, STAR amortizes the discount on the note payable by recording interest expense and increasing the note payable using the effective interest method. Additionally, STAR records a corresponding reclassification between net assets with donor restrictions and net assets without donor restrictions for an amount equal to the interest expense recognized.

At December 31, 2021 and 2020, the carrying amount of the note is \$461,408 and \$476,989, respectively. During the year ended December 31, 2021 and 2020 STAR recognized \$29,420 and \$27,711 of interest expense related to the note, respectively.

6. Capital Lease Payable

During 2017, STAR entered into a lease financing agreement with a financial institution for computer servers. The lease requires monthly payments of \$508. Interest has been imputed at 10.099% per annum. The lease fully matured during 2021.

The computer servers were capitalized with a cost of \$20,000. At December 31, 2021 and 2020, the accumulated depreciation was \$19,333 and \$15,333, respectively.

7. Net Assets With Donor Restrictions

Following is a summary of net assets with donor restrictions as of December 31:

	<u>2021</u>	<u>2020</u>
Discount on note payable to trust	\$ 96,091	\$ 123,011
Purpose restrictions	42,154	2,500
Total	<u>\$ 138,245</u>	<u>\$ 125,511</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Purpose restrictions	\$ 57,486	\$ 41,439
Discount on note payable to trust	29,420	27,711
Net assets released through satisfaction of restrictions	<u>\$ 87,266</u>	<u>\$ 69,150</u>

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Notes to the Financial Statements
December 31, 2021 and 2020

8. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, pension and other benefits, depreciation and amortization, information technology, interest, occupancy, office expenses and other expenses, which are allocated on the basis of estimates of time and effort.

9. Employee Benefits

STAR maintains a SIMPLE IRA Plan for benefit of eligible employees, as defined by the Plan documents. STAR made employer contributions of \$19,336 and \$15,314 to the Plan during the year ended December 31, 2021 and 2020, respectively.

10. Related Party Transactions

As discussed in Note 5, STAR received a loan from a Trust established by the family of a Board Member.

STAR contracted with a construction company owned by a Board Member's spouse to make improvements to the office building purchased by STAR. During the year ended December 31, 2020, STAR paid the construction company \$78,350, and STAR also received \$20,350 in donated services from the construction company. No such transactions occurred during the year ended December 31, 2021.

Approximately \$60,000 and \$81,000 of STAR's support was received directly or indirectly from Board members during the year ended December 31, 2021 and 2020, respectively.

11. Lease as a lessor

In conjunction with the purchase of the office building, STAR was assigned a lease as the lessor to allow for the operation of cellular equipment on the premises. The lease call for annual rent of \$4,200 to STAR and matures in September 2023. The lease automatically extends for four additional five year terms, however, the lessee has the right to terminate the agreement with prior written notice on each anniversary date. STAR received the entire \$21,000 during the year ended December 31, 2020. STAR recognized \$4,200 and \$2,100, respectively, as revenue during the years ended December 31, 2021 and 2020. STAR recognized \$14,700 and \$18,900, respectively, as deferred revenue as of December 31, 2021 and 2020.

STAR Center Foundation dba STAR Institute for Sensory Processing Disorder
Notes to the Financial Statements
December 31, 2021 and 2020

12. Federal stimulus grant

On April 10, 2020, STAR obtained a loan in the amount of \$389,332 through the U.S. Small Business Administration Paycheck Protection Program. The loan is subject to the loan forgiveness provisions of the CARES Act. On May 27, 2021, the loan was forgiven in full. Since the loan was forgiven subsequent December 31, 2020 and is in substance a grant from the U.S. Government, STAR has accounted for the loan as a conditional contribution. Since the conditions have been substantially met, STAR has included the funds in the Statement of Activities for the year ended December 31, 2020.

Under the provisions of the Coronavirus Aid Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020, and the subsequent extension of the CARES Act, STAR was eligible for a refundable employee retention credit subject to certain criteria. STAR recognized a \$287,486 employee retention credit during the fiscal year ended December 31, 2021, which was not received as of December 31, 2021.

13. Subsequent Events

Subsequent events were evaluated by management through the date of the auditor’s report, which is the date the financial statements were available to be issued.