

**DAYSTAR LIFE CENTER, INC.**

Financial Statements  
with  
Independent Auditors' Report

For the Years Ended August 31, 2020 and 2019

**DAYSTAR LIFE CENTER, INC.**

Table of Contents

August 31, 2020 and 2019

INDEPENDENT AUDITORS' REPORT .....	1 - 2
FINANCIAL STATEMENTS	
Statement s of Financial Position.....	3
Statement s of Activities .....	4
Statement of Functional Expenses .....	5
Statement s of Changes in Net Assets.....	6
Statement s of Cash Flows.....	7
Notes to Financial Statements.....	8 - 15

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Daystar Life Center, Inc.

We have audited the accompanying financial statements of Daystar Life Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020; the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended; and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Daystar Life Center, Inc. as of August 31, 2020, 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.

**Report on Summarized Comparative Information**

We have previously audited Daystar Life Center, Inc.'s 2019 financial statements, and our report dated December 17, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Melby + Associates, P.A., CPAs*

Melby & Associates, P.A., CPAs  
December 16, 2020

**DAYSTAR LIFE CENTER, INC.**

## Statements of Financial Position

August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ 829,864	\$ 1,099,959
Certificates of deposit	-	53,223
Pledges receivable	38,500	40,000
Grants and awards receivable	27,692	30,000
Prepaid expenses	<u>764</u>	<u>1,329</u>
Total current assets	896,820	1,224,511
Investments	140,538	108,879
Endowment investments	635,209	102,957
Pledges receivable	-	33,000
Land	298,556	298,556
Property and equipment, net of accumulated depreciation	2,664,418	2,575,388
Deposit on fixed asset	<u>10,231</u>	<u>-</u>
Total assets	<u><u>\$ 4,645,772</u></u>	<u><u>\$ 4,343,291</u></u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 59,302</u>	<u>\$ 56,178</u>
Total current liabilities	59,302	56,178
Net Assets		
Without donor restrictions	3,883,162	4,101,713
Without donor restrictions - board designated endowments	<u>610,209</u>	<u>77,957</u>
Total net assets without donor restrictions	4,493,371	4,179,670
With donor restrictions	<u>93,099</u>	<u>107,443</u>
Total net assets	<u><u>4,586,470</u></u>	<u><u>4,287,113</u></u>
Total liabilities and net assets	<u><u>\$ 4,645,772</u></u>	<u><u>\$ 4,343,291</u></u>

See accompanying notes to financial statements.

**DAYSTAR LIFE CENTER, INC.**

Statement of Activities

Year Ended August 31, 2020  
(with comparative total for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>Support and Revenue</b>				
Contributions and bequests	\$ 799,162	\$ 14,455	\$ 813,617	\$ 345,406
Capital campaign contributions	-	-	-	379,337
In-kind contributions	752,462	-	752,462	440,917
Fundraising events	125,270	-	125,270	86,791
Grants and awards	280,401	73,048	353,449	159,196
Interest and investment income	12,643	-	12,643	28,657
Unrealized gain on investments	23,617	-	23,617	15,452
Unrealized gain on endowment funds	32,252	-	32,252	-
Gain on disposal of fixed assets	275	-	275	1,300,178
Other income	1,986	-	1,986	1,559
Donated services	145,672	-	145,672	160,399
Donated use of facilities	40,430	-	40,430	94,739
Total support and revenue	2,214,170	87,503	2,301,673	3,012,631
Net assets released from restrictions	85,109	(85,109)	-	-
Total support, revenue, and assets released from restrictions	2,299,279	2,394	2,301,673	3,012,631
<b>Operating Expenses</b>				
Program services	1,896,755	-	1,896,755	1,424,544
Management and general	33,175	-	33,175	37,222
Fundraising	72,386	-	72,386	81,254
Total expenses	2,002,316	-	2,002,316	1,543,020
Increase in net assets	296,963	2,394	299,357	1,469,611
Transfer for purchase of capital assets	16,738	(16,738)	-	-
Net assets at beginning of year	4,179,670	107,443	4,287,113	2,817,502
Net assets at end of year	\$ 4,493,371	\$ 93,099	\$ 4,586,470	\$ 4,287,113

See accompanying notes to financial statements.

**DAYSTAR LIFE CENTER, INC.**

Statement of Functional Expenses

Year Ended August 31, 2020  
(with comparative total for 2019)

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Salaries and related expenses	\$ 284,805	\$ 7,906	\$ 39,084	\$ 331,795	\$ 261,385
Pension expense	16,069	670	590	17,329	14,762
Bus passes	7,699	-	-	7,699	11,786
Clothing	2,860	-	-	2,860	6,506
Clothing - in-kind	53,741	-	-	53,741	61,135
Depreciation	86,467	4,551	-	91,018	36,109
Development	-	-	18,268	18,268	52,034
Education and training	1,688	-	-	1,688	1,602
Education and training - clients	65	-	-	65	553
Food	111,193	-	-	111,193	53,915
Food - in-kind	634,685	-	-	634,685	308,069
Fundraising	-	-	12,951	12,951	12,692
Furniture and supplies - in-kind	-	-	-	-	20,234
Insurance	13,443	708	-	14,151	3,294
Household items	931	-	-	931	298
Household items - in-kind	30,446	-	-	30,446	18,255
Loss on disposal of assets	-	-	-	-	3,970
Maintenance and property upkeep	18,600	439	-	19,039	14,518
Medical - client	1,923	-	-	1,923	2,840
Miscellaneous	4,203	550	32	4,785	2,747
Other client services	296	-	-	296	157
Personal hygiene	8,311	-	-	8,311	5,387
Personal hygiene - in-kind	31,124	-	-	31,124	17,874
Personal identification	13,755	-	-	13,755	18,406
Postage	406	81	1,135	1,622	2,151
Professional services	7,339	10,000	-	17,339	16,150
Professional services - in-kind	139,722	5,950	-	145,672	160,399
Rent	2,780	-	-	2,780	6,625
Rent - in-kind	40,430	-	-	40,430	96,743
Rent and mortgage assistance	92,319	-	-	92,319	33,137
Supplies	10,924	391	326	11,641	5,509
Supplies - in-kind	2,465	-	-	2,465	4,251
Traveler's aid	26,128	-	-	26,128	57,242
Utilities - client	209,491	-	-	209,491	198,872
Utilities	36,650	1,929	-	38,579	28,497
Vehicle expense - client	250	-	-	250	372
Vehicle expense	5,547	-	-	5,547	4,544
Total	<u>\$1,896,755</u>	<u>\$ 33,175</u>	<u>\$ 72,386</u>	<u>\$2,002,316</u>	<u>\$ 1,543,020</u>

See accompanying notes to financial statements.

**DAYSTAR LIFE CENTER, INC.**

Statements of Changes in Net Assets

Years Ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
Unrestricted operating support and revenue	\$ 2,214,170	\$ 2,592,648
Unrestricted operating expenses	(2,002,316)	(1,543,020)
Net assets released from restrictions	85,109	128,789
Transfer for purchase of capital assets	<u>16,738</u>	<u>1,839,845</u>
Increase in net assets without donor restrictions	<u>313,701</u>	<u>3,018,262</u>
Net assets with donor restrictions:		
Grant allocation	73,048	-
Contributions	14,455	404,337
Interest income	-	15,020
Donated use of facilities	-	626
Net assets released from restrictions	(85,109)	(128,789)
Transfer for purchase of capital assets	<u>(16,738)</u>	<u>(1,839,845)</u>
(Decrease) in net assets with donor restrictions	<u>(14,344)</u>	<u>(1,548,651)</u>
Increase in net assets	299,357	1,469,611
Net assets at beginning of year	<u>4,287,113</u>	<u>2,817,502</u>
Net assets at end of year	<u><u>\$ 4,586,470</u></u>	<u><u>\$ 4,287,113</u></u>

See accompanying notes to financial statements.



**DAYSTAR LIFE CENTER, INC.**

Statements of Cash Flows

Years Ended August 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 299,357	\$ 1,469,611
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	91,018	36,109
Loss on disposal of capital assets	-	160,105
Unrealized gains on investments and endowment funds	(55,869)	(15,452)
Donation of investments	(5,321)	(4,572)
Donation of capital assets	-	(11,100)
Decrease (increase) in pledges receivable	34,500	(73,000)
Decrease in grants and awards receivables	2,308	100,084
Decrease (increase) in prepaid expenses	565	(1,179)
Decrease in unconditional promises to give	-	63,094
Increase in accounts payable and accrued expenses	3,124	17,288
Contributions restricted for long term investments	(169,000)	(404,337)
Net cash provided by operating activities	200,682	1,336,651
Cash flows from investing activities		
Redemption of certificates of deposit	53,223	-
Certificate of deposit interest reinvested	-	(1,052)
Investment dividends reinvested	(2,721)	(914)
Deposit on capital asset	(10,231)	-
Purchase of capital assets	(180,048)	(2,450,376)
Net cash (used in) investing activities	(139,777)	(2,452,342)
Cash flows from financing activities		
Contributions restricted for capital acquisitions	169,000	404,337
Investment income restricted for reinvestment	-	(2,957)
Purchase of endowment investment	(500,000)	(100,000)
Net cash (used in) provided by financing activities	(331,000)	301,380
Net (decrease) in cash and cash equivalents	(270,095)	(814,311)
Cash at beginning of year	1,099,959	1,914,270
Cash at end of year	\$ 829,864	\$ 1,099,959
Supplemental information on non-cash transactions:		
Donation of investments	\$ 5,321	\$ 4,572
Donation of capital assets	\$ -	\$ 11,100

See accompanying notes to financial statements.

# DAYSTAR LIFE CENTER, INC.

## Notes to Financial Statements

Years Ended August 31, 2020 and 2019

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Center and Purpose

Daystar Life Center, Inc., (the Center) was founded in August 1982 and incorporated in August 1992, as a Florida not-for-profit corporation. The Center operates primarily to provide financial assistance and other non-financial basic needs services to families and individuals who demonstrate need. The Center provides qualifying clients with rent, utility, personal identification, medical prescription, transportation, traveler's aid, food, clothing, client mail services, tax preparation assistance, advocacy, information referrals and other reasonable requests. Key to the Center's success is the amount of donated services by individuals performing interviewing and other services on a volunteer basis.

#### Basis of Accounting

The financial statements of Daystar Life Center, Inc. have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require Daystar Life Center, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

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 objective of the Center. These net assets may be used at the discretion of the Center'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 the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Cash Equivalents

For the purposes of reporting cash flows, the Center considers all liquid investments in money market and savings accounts with maturities of three months or less to be cash equivalents.

#### Investments and Fair Value

Investments consist of donated stocks and mutual funds and are carried at their fair values in the statement of financial position in accordance with current accounting literature. Donations of investments are recorded as contributions at their estimated fair value at the date of donation. Gains and losses on market value adjustments are recognized as the market fluctuates and recorded in the statement of activities. Investment earnings are recorded net of investment expenses. Investment income that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the investment income is recognized.

# DAYSTAR LIFE CENTER, INC.

## Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments and Fair Value (continued)

The Center defines fair value in accordance with accounting principles generally accepted in the United States of America, which specify a hierarchy of valuation techniques. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Center's significant market assumptions.

The Center measures investments at fair value on a recurring basis. The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

Level 1 – Unadjusted quoted market prices for identical assets in active markets which are accessible by the Center.

Level 2 – Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable but are derived from or corroborated by observable market data.

Level 3 – Unobservable inputs based on the Center's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

The Center evaluates the various types of financial assets to determine the appropriate fair value hierarchy based upon trading activity and the observability of market inputs.

#### Property and Equipment

Property and equipment are stated at cost if purchased or at estimated fair market value at date of receipt if acquired by gift, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from three to thirty-nine years. Expenditures with a cost in excess of \$750 and with an estimated useful life in excess of one year are capitalized.

#### Impairment of Long-Lived Assets

The Center evaluates the recoverability of its long-lived assets whenever adverse events or changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related assets exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. Management has determined that there is no indication that any long-lived assets are impaired at August 31, 2020 or 2019.

#### In-kind Contributions

Donations of food, clothing, personal hygiene products, and household goods are not recognized as revenue until the time of distribution, which is generally within a few days of the date of receipt. As a result, the Center does not record such gifts as inventory.

# DAYSTAR LIFE CENTER, INC.

## Notes to Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Contributions

All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expires or are otherwise satisfied in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

#### Donated Services

The Center receives a significant amount of donated services from unpaid volunteers who assist in interviewing, general operations, fundraising and other special projects. However, these services do not require specialized skills as defined in the standards and are not recorded in the accompanying financial statements. Volunteers have contributed approximately 20,400 hours. If the criteria for recognition were met, approximately \$432,000 of additional contributions and program service expenses would be recognized in the statement of activities for the year ended August 31, 2020.

#### Income Taxes

The Center is exempt from U.S. Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or support service are charged directly to the function. Certain other costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis that is consistently applied. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method</u>
Salaries and fringe benefits	Time and effort
Depreciation , building maintenance , rent	95% program, 5% administrative & general
Insurance, property taxes, and utilities	95% program, 5% administrative & general
Computer support and security	95% program, 5% administrative & general
Supplies	95% program, 5% administrative & general
Postage	25% program, 5% administrative & general 70% fundraising

Fundraising expense for 2020 includes approximately \$15,900 for outside grant writers that are helping to develop relationships with new grantors so that Daystar will be invited to submit grant proposals in future grant cycles. The grant writing expense is considered a long-term investment to develop a greater and more diversified grant revenue stream.

#### Reclassifications

Certain reclassifications have been made to the 2019 financial statements to be in conformity with the 2020 presentation.

## DAYSTAR LIFE CENTER, INC.

### Notes to Financial Statements

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, to improve financial reporting to provide users of financial statement more useful information. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Daystar Life Center, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. Subsequently, in August 2015, FASB issued ASU 2015-1, which delayed the effective date for nonpublic companies to annual periods beginning after December 15, 2018. The Center determined that ASC 606 requirements did not require any meaningful change to its method of recognizing revenue or contract costs under prior accounting guidance in ASC 605. Consequently, the Center's application of the full retrospective adoption method had no effect on current or prior accounting periods.

##### Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about the leasing arrangements. The standard is effective for nonpublic companies for fiscal years beginning after December 15, 2021. The Center is currently evaluating the impact adopting this guidance will have on its financial statements.

##### Use of Estimates

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

#### NOTE 2 - CONCENTRATION OF RISK

Financial instruments that potentially subject the Center to concentrations of credit risk consist primarily of cash. The Federal Deposit Insurance Corporation (FDIC) currently insures bank deposit accounts up to \$250,000 per depositor. As of August 31, 2020, the Center had \$312,637 in cash balances that exceeded the insurance coverage provided by the FDIC. As of August 31, 2020, the Center had \$256,701 of funds in the Diocesan Savings and Loan Bank which is self-insured by the Diocese of St. Petersburg but not by FDIC.

# DAYSTAR LIFE CENTER, INC.

## Notes to Financial Statements

### NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents Daystar Life Center, Inc.'s financial assets available to meet general expenditures over the next 12 months as of August 31, 2020 and 2019:

Financial assets at year-end:	<u>2020</u>	<u>2019</u>
Cash	\$ 829,864	\$1,099,959
Certificates of deposit	-	53,223
Grants and awards receivable	27,692	30,000
Pledges receivable	38,500	73,000
Investments	<u>140,538</u>	<u>108,879</u>
Total financial assets	1,036,594	1,365,061
Less amounts not available to be used within one year:		
Funds subject to time and purpose restrictions	(93,099)	(107,443)
Long term pledges receivable	<u>-</u>	<u>(33,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 943,495</u>	<u>\$1,224,618</u>

Daystar Life Center, Inc.'s goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$407,000). As part of its liquidity plan, excess cash is invested in money market accounts and certificates of deposit.

### NOTE 5 – PLEDGES RECEIVABLE

As of August 31, 2020, the Center had capital campaign pledges receivable in the amount of \$38,500 which is due in 2021.

### NOTE 6 - GRANTS AND AWARDS RECEIVABLE

Grants and awards receivable consist of the following at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pinellas County	\$ 5,200	\$ -
Allegany Franciscan Ministries	-	30,000
City of St. Petersburg	6,968	-
Emergency Food & Shelter Program	<u>15,524</u>	<u>-</u>
	<u>\$27,692</u>	<u>\$30,000</u>

### NOTE 7 - INVESTMENTS

Investments consist of the following at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Stocks and mutual funds	<u>\$140,538</u>	<u>\$108,879</u>

The Center records all investments at fair market value, and they are classified as level 1 in the fair value hierarchy. Investment earnings during 2020 consist of the net unrealized gains of \$23,617 and interest/dividend income of \$2,775. Investment earnings during 2019 consist of the net unrealized gains of and \$15,452 and interest/dividend income of \$2,465.

# DAYSTAR LIFE CENTER, INC.

## Notes to Financial Statements

### NOTE 8 – ENDOWMENT INVESTMENTS

The Center has interpreted the wishes of donors and state law 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 Center classifies as net assets with donor 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. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable and classified as net assets without donor restrictions. The Center tracks the net investment income attributable to each component of the endowment fund. Income earned from the endowment is available for general or specific purposes.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Center has invested endowment assets in a manner that attempts to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the value of the endowment assets. To satisfy its long-term rate of return objectives, the Center relies on a total return strategy whereby investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation.

In May 2019, the Board of Directors (Board) designated \$75,000 to establish an endowment fund with the Community Foundation of Tampa Bay (CFTB). Upon making the contribution, CFTB made a \$25,000 matching contribution to the Center's endowment account. CFTB declares an annual distribution from the endowment, payable quarterly. Distributions are subject to a three-year lookback period, so the Center will be fully vested after three years. The Board has currently elected not to take any distributions for the first three years. After three years, the distributions will be available to support the programs of the Center.

In May 2020, the Board of Directors (Board) designated \$500,000 to establish an endowment fund with the Pinellas Community Foundation. It is the Board's intention to maintain these funds as a long-term investment; however, the funds are available for the Center's use with Board approval.

The Center's objective is to maintain endowment assets, as well as to provide additional real growth through investment return. Composition of the endowment net assets and changes in endowment net assets are as follows:

	Without donor restrictions (Board designated)	With donor restrictions	Total
Endowment net assets August 31, 2019	\$ 77,957	\$25,000	\$102,957
Contributions	500,000	-	500,000
Investment income	<u>32,252</u>	<u>-</u>	<u>32,252</u>
Endowment net assets August 31, 2020	<u>\$610,209</u>	<u>\$25,000</u>	<u>\$635,209</u>

## DAYSTAR LIFE CENTER, INC.

### Notes to Financial Statements

#### NOTE 9 – FAIR VALUE MEASUREMENTS

In accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the following table represents the Center’s fair value hierarchy for its financial assets measured on a recurring basis.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at August 31, 2020 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks and mutual funds	\$140,538	\$ -	\$ -	\$140,538
Endowment investments	-	635,209	-	635,209
	<u>\$140,538</u>	<u>\$635,209</u>	<u>\$ -</u>	<u>\$775,747</u>

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at August 31, 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks and mutual funds	\$108,879	\$ -	\$ -	\$108,879
Endowment investments	-	102,957	-	102,957
	<u>\$108,879</u>	<u>\$102,957</u>	<u>\$ -</u>	<u>\$211,836</u>

#### NOTE 10 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Building	\$2,359,799	\$2,361,430
Building improvements	183,196	91,419
Furniture, fixtures, and equipment	174,769	173,136
Vehicles	112,000	27,798
	2,829,764	2,653,783
Less accumulated depreciation	(165,346)	(78,395)
Net property and equipment	<u>\$2,664,418</u>	<u>\$2,575,388</u>

#### NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

At August 31, 2020 and 2019, net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Allegany Franciscan Ministries	\$14,560	\$ 82,443
Emergency Food & Shelter Program	29,014	-
CPPS Heritage Mission Fund	13,262	-
Senior Citizens Services, Inc.	4,053	-
St. Mary’s Refugee Fund	7,210	-
Community Foundation of Tampa Bay endowment funds	25,000	25,000
	<u>\$93,099</u>	<u>\$107,443</u>



## DAYSTAR LIFE CENTER, INC.

### Notes to Financial Statements

#### NOTE 12 - IN-KIND CONTRIBUTIONS

Components of in-kind contributions for the years ended August 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Food	\$634,685	\$308,069
Clothing	53,741	61,135
Personal items and other	64,036	40,379
Furniture and office supplies	-	31,334
Rent	<u>40,430</u>	<u>94,739</u>
Total in-kind contributions	<u>\$792,892</u>	<u>\$535,656</u>

#### NOTE 13- DONATED SERVICES

Components of donated professional services for the years ended August 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Skilled labor	\$ 76,722	\$ 97,086
Accounting	59,800	50,013
Computer consultant	9,150	11,200
Marketing and architectural services	<u>-</u>	<u>2,100</u>
Total donated services	<u>\$145,672</u>	<u>\$160,399</u>

#### NOTE 14 - RETIREMENT PLAN

During December 2005, the Center was approved to participate in the *Archdiocese of Miami/Diocese of St. Petersburg/Diocese of Venice Pension Plan* (the "Plan"). The effective date of participation was July 1, 2001. The Plan is a non-contributory, defined benefit plan. Specific retirement benefits are paid based on years of service and other criteria. The Center incurred retirement expenses of \$17,329 and \$14,762 in 2020 and 2019, respectively .

#### NOTE 15 – CORONAVIRUS (COVID-19) PANDEMIC

On January 31, 2020, U.S. Health and Human Services Secretary declared a public health emergency for the United States in regard to COVID-19. The pandemic resulted in a significant increase in the need for services that the Center provides. The Center does not know the overall long-term effect on its operations from the COVID-19 pandemic.

#### NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2020, the date on which the financial statements were available to be issued.