STARRY, INC.

FINANCIAL STATEMENTS AND REPORTS ON STATE AWARD PROGRAMS IN ACCORDANCE WITH THE *TEXAS UNIFORM GRANTS MANAGEMENT STANDARDS*

As of and for the Year Ended December 31, 2020
(With Summarized Comparative Information for 2019)

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Trustees
STARRY, Inc.
Round Rock, Texas

We have audited the accompanying financial statements of STARRY, Inc. (the "Organization")(a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 and the standards that are applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 State Awards is presented for purposes of additional analysis as required by the audit requirements of the *Texas Uniform Grants Management Standards* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 controls over financial reporting and compliance

Report on Summarized Comparative Information
As described in Note 1, the Organization has a legal and economic relationship with Children at Heart Ministries, Inc., an affiliated organization. There is a presumption that combined financial statements provide a more meaningful presentation of results of operations and financial position. The accompanying financial statements are not combined due to management's desire to have a presentation of only the Organization's financial position and results of operations.

The financial statements of the Organization, as of and for the year ended December 31, 2019, were audited by other auditors whose report dated August 19, 2020, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cherry Bekaert LLP

Austin, Texas
May 24, 2021

STARRY, INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020
(WITH COMPARATIVE INFORMATION FOR 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	$ 200	$ 200
Accounts receivable, net	440,423	400,483
Pledges receivable, net	34,847	47,371
Investments	1,669,094	663,699
Due from affiliated organizations	1,026,552	1,835,976
Prepaid expenses and other assets	76,804	76,559
Total Current Assets	3,247,920	3,024,288
Pledges receivable, net	1,788	28,816
Property and equipment, net	404	1,211
Total Assets	$ 3,250,112	$ 3,054,315
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	$ 353,359	$ 283,184
Total Current Liabilities	353,359	283,184
Net Assets:		
Without donor restrictions	2,690,842	2,524,117
With donor restrictions	205,911	247,014
Total Net Assets	2,896,753	2,771,131
Total Liabilities and Net Assets	$ 3,250,112	$ 3,054,315

STARRY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR 2019)

	Without Donor Restrictions	With Donor Restrictions	2020	2019
Revenues and Support:				
Contributions	$ 1,069,907	$ -	$ 1,069,907	$ 363,812
Donation from Baptist General Convention of Texas	129,178	-	129,178	130,698
In-kind Donations:				
Texas Children's Home and Family Services, Inc.	105,748	-	105,748	146,619
Children at Heart Ministries, Inc.	657,709	-	657,709	697,188
State and federal grants	4,588,795	-	4,588,795	4,919,777
Investment income	23,551	-	23,551	83,467
Other income	1,344	-	1,344	622
Net assets released from restrictions	41,103	(41,103)	-	-
Total Revenues and Support	6,617,335	(41,103)	6,576,232	6,342,183
Expenses and Losses:				
Program Services:				
Foster and family services	5,724,316	-	5,724,316	6,003,497
Total Program Services	5,724,316	-	5,724,316	6,003,497
Supporting Services:				
Management and general	676,279	-	676,279	710,788
Fundraising	50,015	-	50,015	37,546
Total Supporting Services	726,294	-	726,294	748,334
Total Expenses and Losses	6,450,610	-	6,450,610	6,751,831
Changes in net assets	166,725	(41,103)	125,622	(409,648)
Net assets, beginning of year	2,524,117	247,014	2,771,131	3,180,779
Net assets, end of year	$ 2,690,842	$ 205,911	$ 2,896,753	$ 2,771,131

STARRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR 2019)

	Family Services	Management and General	Fundraising	2020	2019
Salaries	$ 3,449,565	$ 14,032	$ 37,812	$ 3,501,409	$ 3,387,057
Employee benefits	603,815	3,556	9,556	616,927	632,931
Payroll taxes	240,878	982	2,647	244,507	255,124
Total Salaries and Fringe Benefits	4,294,258	18,570	50,015	4,362,843	4,275,112
Other Expenses:					
Administrative services	-	657,709	-	657,709	697,188
Computer services	101,722	-	-	101,722	160,487
Conferences and training	23,681	-	-	23,681	28,711
Depreciation	807	-	-	807	2,232
Foster care assistance	355,902	-	-	355,902	456,071
Insurance	22,037	-	-	22,037	17,718
Mail and postage	9,055	-	-	9,055	30,356
Miscellaneous	19,336	-	-	19,336	12,514
Occupancy	522,115	-	-	522,115	510,286
Professional fees	110,357	-	-	110,357	64,959
Repair and maintenance	97,024	-	-	97,024	150,677
Supplies	17,949	-	-	17,949	40,753
Telephone	63,797	-	-	63,797	54,169
Transportation	55,704	-	-	55,704	210,372
Utilities	30,572	-	-	30,572	40,226
Total Other Expenses	1,430,058	657,709	-	2,087,767	2,476,719
Total Expenses and Losses	$ 5,724,316	$ 676,279	$ 50,015	$ 6,450,610	$ 6,751,831

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

STARRY, INC.
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE INFORMATION FOR 2019)

	2020	2019
Cash flows from operating activities:		
Changes in net assets	$ 125,622	$ (409,648)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	807	2,232
Appreciation on investments	(7,729)	(38,562)
Change in operating assets and liabilities:		
Accounts receivables	(39,940)	(5,908)
Pledges receivable, net	39,552	52,079
Prepaid expenses and other assets	(245)	(1,365)
Due from affiliated organizations	809,424	(1,118,832)
Accounts payable and accrued expenses	70,175	19,997
Net cash flows from operating activities	997,666	(1,500,007)
Cash flows from investing activities:		
Purchase of investments	(2,736,148)	(2,007,093)
Proceeds from sale of investments	1,738,482	3,507,100
Net cash flows from investing activities	(997,666)	1,500,007
Cash flows from financing activities:		
Net cash flows from financing activities	-	-
Net changes in cash, cash equivalents, and restricted cash	-	-
Cash, cash equivalents, and restricted cash, beginning of year	200	200
Cash, cash equivalents, and restricted cash, end of year	$ 200	$ 200

Note 1—Organization and summary of significant accounting policies

Organization – STARRY, Inc. (the "Organization") is a Texas non-profit corporation chartered on May 11, 2001. STARRY's primary mission is to support children, youth, and parents in crisis through services that protect, educate, and promote strong families. Programs at STARRY include counseling services and foster care.

The Organization is an affiliated organization of Children at Heart Ministries, Inc. ("CAHM"). Under the Organization's articles of incorporation and bylaws, a majority of the trustees must be appointed by the Board of Trustees of CAHM. Notwithstanding this relationship, CAHM is not required by its articles of incorporation and bylaws to make any grants or distributions to the Organization.

Combined financial statements are presumed to be more meaningful than separate statements and are usually necessary for a fair presentation in conformity with generally accepted accounting principles in the United States ("U.S. GAAP"). The accompanying financial statements are due to management's desire to present a separate set of financial statements showing only the Organization's financial position and results of operations. Separate audited combined financial statements of CAHM and affiliated organizations have been prepared.

Summary of Significant Accounting Policies

Basis of Presentation – The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.

Comparative Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Net Asset Classifications – In accordance with U.S. GAAP, the Organization classifies its net assets into two categories as follows:

> *Net Assets With Donor Restrictions* – Net assets the use of which is subject to stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations.
>
> *Net Assets Without Donor Restrictions* – Net assets that are not subject to stipulations. Net assets without donor stipulations may be used for any purpose or designated for specific purposes by action of the Board of Trustees of the Organization. There were no board designated net assets as of December 31, 2020 and 2019.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates include determining the fair value of investments, the collectability of receivables, the useful lives of property and equipment, and the proper classification of functional expenses.

Note 1—Organization and summary of significant accounting policies (continued)

Cash and Cash Equivalents – For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with purchased maturities of 90 days or less.

Contributions – Contributions received (including any unconditional pledges) are recorded as support without restrictions or support with restrictions in the period received depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are satisfied in the same reporting period are reported as without donor restrictions on the statement of activities. Conditional promises to give, that is, those with a measurable performance obligation or other barrier and a right of return, are not recognized until the conditions upon which they depend are substantially met.

Pledges receivable ("Pledges") are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. Pledges with maturity dates due within 12 months are recorded at net realizable value. Pledges with maturity dates in subsequent years are recorded at the present value of their net realizable value. A discount to present value has been applied to long-term Pledges.

Grant Revenues – Grant contracts with the state of Texas are classified as contributions as the funding source receives no direct benefit from the program services provided by the Organization. Under these contracts, revenue is recognized when the donor makes a promise to give that is, in substance, unconditional. Revenue associated with contracts that include donor conditions is recognized as the conditions are met. The Organization provides foster care and counseling services for the state of Texas and has recognized revenue of $4,588,795 and $4,919,777 under such grant contracts during the years ended December 31, 2020 and 2019, respectively.

Allowance for Doubtful Accounts – The Organization evaluates the collectability of its Pledges and other receivables as well as the adequacy of its allowance for doubtful accounts on a periodic basis. The evaluation includes historical loss experience, length of time the receivables are past due, and adverse situations that may impact collection. The Organization records and adjusts its allowance for doubtful accounts balance as necessary. As of December 31, 2020 and 2019, all receivables were deemed to be fully collectible, and no allowance was deemed necessary.

Contributed Service and Assets – During the years ended December 31, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and no amounts have been recorded. Although individuals volunteer their time and perform a variety of tasks that assist the Organization, these services do not meet the criteria for recognition as contributed services.

The Organization reports contributions of land, property, and equipment and other assets as without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as net assets with donor restrictions. All contributed assets are recorded at their fair value on the date of donation.

Fundraising – CAHM provided a majority of the fundraising activities for the Organization and its affiliated organizations during the years ended December 31, 2020 and 2019 and did not charge a fee for this service.

Note 1—Organization and summary of significant accounting policies (continued)

Property and Equipment – Property and equipment are recorded at cost. Repairs and maintenance are charged to expenses. Betterments and renewals, which add significantly to the utility or useful lives of the assets, are capitalized. Gains and losses from normal retirements or dispositions are credited or charged to revenue. Land and livestock are recorded at cost and evaluated for impairment periodically.

The Organization currently capitalize property and equipment, having an estimated useful life of more than one year that meet or exceed $5,000 in cost individually.

Depreciation of property and equipment is provided at rates intended to distribute the cost of the assets over their estimated useful lives using the straight-line method.

Major categories or depreciable assets and their estimated useful lives are:

Asset Category	Estimated Useful Lives
Building and improvements	25-40 years
Furniture and equipment	3-7 years
Vehicles	3 years
Livestock	5 years

Long-Lived Asset – 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.

Investments – HighGround Advisors (formerly The Baptist Foundation of Texas) (“HGA”) administers substantially all investments of the Organization. All investments are carried at fair value. The cost of investments sold or otherwise disposed of is determined primarily by the average cost method. Net investment return is reported as an increase in net assets without donor restrictions unless the donor placed restrictions on the income’s use.

Note 1—Organization and summary of significant accounting policies (continued)

Fair Value of Financial Instruments – The Organization applies the U.S. GAAP authoritative guidance for Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. In determining fair value, the Organization uses various valuation approaches. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy that prioritizes valuation inputs into three broad levels based on the characterization of the underlying inputs, and each fair value measurements is then assigned to one of the three levels. These levels are:

> *Level 1* – Valuation is based on quoted prices for identical instruments traded in active markets. Level 1 assets and liabilities include debt and equity securities traded in an active exchange market, as well as U.S. Treasury securities.
>
> *Level 2* – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
>
> *Level 3* – Valuation is determined using model-based techniques with significant assumptions not observable in the market. These unobservable assumptions reflect management's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of third party pricing services, option pricing models, discounted cash flow models and similar techniques.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the years ended December 31, 2020 and 2019.

The Organization's investments are carried at their fair value. The carrying amounts of the Organization's other financial instruments, which include cash and cash equivalents, receivables, prepaid expenses and other current assets, and accounts payable and accrued liabilities, approximate their fair values due to their short maturities.

Concentrations of Credit Risk – Financial instruments which potentially subject the Organization to concentrations of credit risk consists principally of investments, and receivables. Investments are exposed to various risks, such as interest rate, market, and credit risks. However, this risk is limited due to wide diversification of the investment portfolio. To address the risks associated with receivables, the Organization performs ongoing credit evaluations of the donors' or debtors' financial condition.

Functional Allocation of Expenses – The expense information contained in the statements of activities and functional expenses is presented on a functional basis as (1) program services, (2) management and general, and (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to the function. The financial statements report certain categories of expenses that are attributable to one or more program or supporting function of the Organization. The significant expenses that are allocated based on estimates of specific utility include occupancy, mailing and postage, and professional fees. Salaries, employee benefits, and payroll taxes are allocated based on estimates of time and effort.

Note 1—Organization and summary of significant accounting policies (continued)

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Organization had no significant amounts for the years ended December 31, 2020 and 2019, is subject to federal income taxes. Accordingly, there is no provision or liability for federal income taxes in the accompanying financial statements.

The Organization regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is more likely than not to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement of the tax position. Determining the appropriate level of unrecognized tax benefits requires the Organization to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. Future changes in unrecognized tax benefits requirements could have a material impact on the results of operations. Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Organization is generally no longer subject to tax examinations relating to U.S. federal tax returns for the prior three years.

Adopted Accounting Pronouncements – During the year ended December 31, 2020, the Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-18, *Restricted Cash,* which adds and clarifies guidance on the presentation of changes in restricted cash on the statement of cash flows and requires restricted cash to be included with cash and cash equivalents in the statement of cash flows. The guidance does not provide a definition of restricted cash. As a result of applying the guidance in this new standard, there was no material impact to the financial statements and underlying accounting.

During the year ended December 31, 2020, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU 2018-08 provide guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction, determining whether a contribution is conditional, and modifies the simultaneous release option currently in U.S. GAAP, which allows a not-for-profit organization to recognize a restricted contribution directly to net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. ASU 2018-08 was adopted using the modified prospective approach. Under the modified prospective approach, the year ended December 31, 2019 financial statements have not been restated and continues to be reported under the accounting standards in effect for that period. As a result of applying the clarifying guidance in this new standard, there was no material impact to the financial statements and the underlying accounting.

Note 1—Organization and summary of significant accounting policies (continued)

Future Accounting Pronouncements – In May 2014, FASB issued ASU 2014-09, *Revenue Recognition (Topic 606)*. This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The core principle of this ASU is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On June 3, 2020, FASB issued guidance ASU 2020-05 that defers the effective date of the revenue standard (Topic 606) for entities that have not yet issued financial statements adopting the standard. For private companies, the ASU is now effective for annual periods beginning after December 15, 2020. Early adoption is still permitted. The deferral of this standard is intended to provide relief for private companies that have had their implementation efforts delayed by the novel corona virus (“COVID-19”) pandemic. The Organization is currently evaluating the impact of this new standard on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The update is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this update are effective for fiscal years beginning after December 15, 2021. Early application of the amendments in this update is permitted. The Organization is currently evaluating the effects that the adoption of ASU 2016-02 will have on its financial statements.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The guidance in this ASU will require Not-for-Profit (“NFP”) entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized the following will have to be disclosed: (1) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a NFP will disclose a description of the programs or other activities in which those assets were used, (2) the NFP’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, (3) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, and (4) a description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition. This standard is effective for fiscal years beginning after June 15, 2021. The Organization is currently evaluating the impact of this new standard on its financial statements.

Subsequent Events – The Organization evaluates events that occur subsequent to the statements of financial position date of periodic reports, but before the financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization’s financial statements are available for issuance. For the financial statements, as of and for the year ended December 31, 2020, this date was May 24, 2021.

Note 2—Liquidity

The Organization has approximately $3.2 million of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents, investments, receivables, and amounts due from affiliated organizations. Total net assets as of December 31, 2020 consist of approximately $2.7 million without donor restrictions and $0.2 million with donor restrictions.

Note 2—Liquidity (continued)

In response to the COVID-19 pandemic in 2020, the Organization applied for and received a loan of $646,900 in the aggregate under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") (see Note 6). As result of this loan, there were no reductions to staffing levels, allowing the Organization to continue operating in accordance with its mission.

The Organization expects to continue to receive financial and non-financial support from CAHM and Children at Heart Foundation, Inc. ("CAHF"). Should a downturn in the future or other unforeseen economic conditions impact the Organization in a negative way, the Organization anticipates there will be sufficient capital to fund operations as well as any unanticipated contingencies or losses over the next twelve months.

Note 3—Pledges receivable

Pledges are stated at their realizable value net of a discount on long-term contributions receivable and an allowance for uncollectible contributions receivable. Interest rates of 0.42% and 1.94% were used to determine the present value of the long-term Pledges at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the discount on Pledges were $540 and $1,507, respectively. As of December 31, 2020, $34,847 of the Pledge balance is receivable within one year and the remaining $1,788 is due within five years.

Note 4—Investments

Investments are stated at fair value and consist of the following as of December 31, 2020 and 2019:

	2020	2019
Money market funds	$ 1,581,095	$ 565,549
Mutual funds	87,999	98,150
	$ 1,669,094	$ 663,699

The following schedule summarizes net investment return in the statements of activities for the years ended December 31, 2020 and 2019:

	2020	2019
Interest, dividends, and other income	$ 15,822	$ 44,905
Gain on investments	7,729	38,562
	$ 23,551	$ 83,467

Note 5—Fair value measurements

The following are descriptions of the valuation methodologies used for assets measured at fair value:

- Money market funds are valued based on quoted market prices in active markets.
- Mutual funds are valued based on quoted market prices in active markets.

Note 5—Fair value measurements (continued)

The following tables set forth the Organization's assets that are measured at fair value on a recurring basis as of the date indicated:

	2020			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 1,581,095	$ 1,581,095	$ -	$ -
Mutual funds	87,999	87,999	-	-
Total assets	$ 1,669,094	$ 1,669,094	$ -	$ -

	2019			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 565,549	$ 565,549	$ -	$ -
Mutual funds	98,150	98,150	-	-
Total assets	$ 663,699	$ 663,699	$ -	$ -

Note 6—Paycheck Protection Program loan

On April 30, 2020, the Organization received a PPP loan in the amount of $646,900. The PPP loan was granted by the SBA under The Coronavirus Aid, Relief, and Economic Security ("CARES Act"). PPP loans are accounted and reported as conditional contributions under Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities – Revenue Recognition*. The PPP loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the PPP loan program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. Any portion of the PPP loan that is not forgiven has a term of two years from the funding date of the loan with an interest rate of 1%. In 2021, the Organization received forgiveness of the entire loan balance along with the associated interest charges and, therefore, has recognized the full amount received as contribution income during the year ended December 31, 2020.

Note 7—Property and equipment, net

The balances of major categories of property and equipment, net as of December 31 are as follows:

	2020	**2019**
Furniture and fixtures	$ 256,090	$ 256,090
Vehicles and equipment	173,901	173,901
	429,991	429,991
Accumulated depreciation	(429,587)	(428,780)
Property and equipment, net	$ 404	$ 1,211

Depreciation expense was $807 and $2,232 for the years ended December 31, 2020 and 2019, respectively.

Note 8—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2020 and 2019, have been restricted by the donors for the following purpose and time restrictions:

	2020	2019
Foster care and family services - purpose and time	$ 205,911	$ 247,014
Total net assets with restrictions	$ 205,911	$ 247,014

Net assets released from restrictions due to the satisfaction of requirements consisted of the following for the year ended December 31, 2020:

	2020	2019
Foster care and family services	$ 41,203	$ 62,581

Note 9—Commitments and contingencies

Retirement Plan – The Organization participates in a defined contribution pension plan, The Southern Baptist Protection Program Convention Annuity Plan (the "Plan"), which is administered by the Southern Baptist Convention. The Plan covers all employees who are expected to work 1,000 hours per year and who have completed one year of service. Employer matching contributions range from 2% to 10% of employee compensation (as defined by the plan) based on years of service and certain minimum employee contributions. Total employer contributions amounted to $148,833 and $157,576 for the years ended December 31, 2020 and 2019, respectively.

Contingencies – The Organization from time to time may be involved in contingencies relating to claims arising out of its ordinary course of business. Management believes that there are no claims or actions pending or threatened against the Organization, the ultimate disposition of which would have a material impact on the Organization's financial position, results of operations, or cash flows.

Operating Lease Commitments – The Organization leases office space and certain equipment under operating leases expiring in 2025. Future minimum lease payments under the noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2020 are as follows:

Years Ending December 31,	Amount
2021	$ 313,135
2022	256,305
2023	210,434
2024	78,011
2025	36,960
Total minimum lease payments	$ 894,845

Note 10—Related Parties

The Organization has an administrative agreement with CAHM to provide personnel, office facilities, and management services for the administrative and business affairs of the Organization. This agreement continues from year-to-year unless terminated by either party. For the years ended December 31, 2020 and 2019, the Organization incurred $657,709 and $697,188, respectively, of administrative costs.

The Organization leases, at a nominal cost, office facilities located in Houston from Texas Baptist Children's Home and Family Services, Inc. ("TBCHFS") on an annual basis. The Organization is responsible for taxes, insurance, utilities, and general maintenance and repairs associated with this property. TBCHFS has estimated the annual rental value of the property at $105,748 and $146,619 for the years ended December 31, 2020 and 2019, respectively. Accordingly, The Organization has recorded rental expense and contribution revenue for the use of the property.

For the years ended December 31, 2020 and 2019, the Organization received $118,087 and $80,454, respectively, in contributions from CAHF. For the years ended December 31, 2020 and 2019, the Organization received $4,250 and $14,741, respectively, in contributions from CAHM. These contributions represent grants made by CAHF, public contributions made to CAHF and CAHM for the benefit of the Organization for operating and capital expansion, and income from annuities maintained by CAHF.

The Organization, CAHM, and other affiliates are under common control and the existence of that control creates operating results and financial position significantly different than if the entities were autonomous. During 2008, CAHM began paying expenses and depositing checks into its account on behalf of the Organization. It is the policy of the Organization to settle amounts due to and due from affiliates on at least a quarterly basis. The amounts due from affiliated organizations were $1,026,007 and $1,835,976 as of December 31, 2020 and 2019, respectively.

COMPLIANCE SECTION

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor 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 Trustees
STARRY, Inc.
Round Rock, Texas

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 STARRY, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, 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 May 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 determination of financial statement amounts. 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.

Cherry Bekaert LLP

Austin, Texas
May 24, 2021

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for Each Major State Program and on Internal Control over Compliance Required by the *Texas Uniform Grants Management Standards*

To the Board of Trustees
STARRY, Inc.
Round Rock, Texas

Report on Compliance for Each Major State Program

We have audited STARRY, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the state of *Texas Uniform Grants Management Standards* that could have a direct and material effect on each of the Organization's major state programs for the year ended December 31, 2020. The Organization's major state programs are identified on the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the State of *Texas Uniform Grants Management Standards*. Those standards, and the *Uniform Grants Management Standards,* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state programs occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Organization has complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

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

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

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 Grants Management Standards*. Accordingly, this report is not suitable for any other purpose.

Austin, Texas
May 24, 2021

STARRY,INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS

YEAR ENDED DECEMBER 31, 2020

Cluster Name / Grantor / Program Name / Pass-Through Entity	State / Pass-Through Entity Identifying No./ Grant Number	Grant Period	State Expenditures
Texas Department of Family Protective Services			
Prevention and Early Intervention Services to At-Risk Youth (STAR) Grants	24555633	12/1/2017-8/31/2022	$ 3,435,500
DFPS Fatherhood Services - PEI	24767834	9/1/2019 - 8/31/2024	193,583
Total - Texas Department of Family Protective Services			3,629,083
Total Expenditures of State Awards			$ 3,629,083

See Notes to Schedule of Expenditures of State Awards.

Note 1—Summary of Significant Accounting Policies

Reporting Entity – The Schedule of Expenditures of State Awards (the "Schedule") includes the activity of all state programs administered by STARRY, Inc. (the "Organization"). The Organization is defined in Note 1 of the Organization's basic financial statements.

Basis of Presentation – The Schedule presents total state awards expended for each individual program in accordance with the State of Texas *Uniform Grant Management Standards ("UGMS")*.

Basis of Accounting – The expenditures for the state financial assistance programs are presented on the accrual basis of accounting. The Organization recognizes expenses when incurred, even if not yet paid. Expenses paid before incurred are classified as prepaid. Expenses incurred, but not paid at year end, are classified as accounts payable.

Note 2—Relationship to Financial Reports

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1 of the financial statements.

Total state awards per schedule of expenditures	$ 3,629,083
Plus: other federal and state funding sources	959,712
	$ 4,588,795

Note 3—Indirect Cost Rate

The Organization is subject to negotiated indirect cost rates and therefore, is not eligible to use the 10% de minimis indirect cost rate as allowed under the UGMS.

Note 4—Subsequent Events

The Organization's management has evaluated subsequent events through May 24, 2021, the date the report was available to be issued.

STARRY,INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2020

Section I—Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified opinion
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

B. State Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	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 State of Texas Single Audit Circular?	No

Identification of major state programs:

Grant Number	Name of State Program or Cluster
24555633	Texas Department of Family Protective Services General Revenue - Prevention and Early Intervention Services to At-Risk Youth (STAR) Grants

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee:	Yes

Section II—Financial Statement Findings

None reported

Section III—State Award Findings and Questioned Costs

None reported

Section IV—Summary Schedule of Prior Audit Findings – State

None reported