

Street School, Inc.

***Financial Statements With
Independent Auditor's Report***

**For the Years Ended
June 30, 2023 and 2022**

Street School, Inc.
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Independent Auditor's Report

To the Board of Directors
Street School, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Street School, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Street School, Inc. as of June 30, 2023 and 2022, 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Street School, Inc. 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 Street School, Inc.'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 Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Street School, Inc.'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 Street School, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state awards and schedule of revenues and expenses Office of Juvenile Affairs are presented for purposes of additional analysis and are 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 information 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 January 18, 2024 on our consideration of Street School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Street School, Inc.'s internal control over financial reporting and compliance.

Regier Carr & Monroe LLP

January 18, 2024
Tulsa, Oklahoma

Street School, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and Cash Equivalents	\$633,070	\$616,078
Promises to give, net	107,396	75,966
Other Receivables	314,252	366,502
Prepaid Expenses	10,798	10,798
Investments	299,056	262,839
Beneficial Interest in Assets Held by Others	1,178,324	982,304
Property and Equipment, net	44,170	57,380
Total Assets	\$2,587,066	\$2,371,867
Liabilities and Net Assets		
<i>Liabilities</i>		
Accounts Payable & Accrued Liabilities	\$57,827	\$77,437
<i>Total Liabilities</i>	<i>57,827</i>	<i>77,437</i>
<i>Net Assets</i>		
Net assets without donor restrictions	1,970,277	1,775,465
Net assets with donor restrictions	558,962	518,965
<i>Total Net Assets</i>	<i>2,529,239</i>	<i>2,294,430</i>
Total Liabilities and Net Assets	\$2,587,066	\$2,371,867

Street School, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
State Grants	\$821,675	\$0	\$821,675
Contributions	504,162	176,302	680,464
Tulsa Area United Way Contributions		440,007	440,007
In-kind Contributions - Tulsa Public Schools	1,061,271		1,061,271
Investment Income (Loss)	115,115	20,309	135,424
Net Assets Released from Restrictions	596,621	(596,621)	
	3,098,844	39,997	3,138,841
<i>Fundraising Events, net</i>			
Proceeds	532,080		532,080
Less Direct Costs	(110,239)		(110,239)
<i>Total Fundraising Events, net</i>	421,841		421,841
Total Support and Revenues	3,520,685	39,997	3,560,682
Expenses			
Program	2,859,734		2,859,734
Management and Administrative	235,740		235,740
Fundraising	230,399		230,399
Total Expenses	3,325,873		3,325,873
<i>Change in Net Assets</i>	194,812	39,997	234,809
Net Assets at Beginning of Year	1,775,465	518,965	2,294,430
Net Assets at End of Year	\$1,970,277	\$558,962	\$2,529,239

Street School, Inc.
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
State Grants	\$681,330		\$681,330
Contributions	723,335	35,660	758,995
Tulsa Area United Way Contributions		440,007	440,007
In-kind Contributions - Tulsa Public Schools	899,313		899,313
In-kind Contributions - Other	27,760		27,760
Investment Income (Loss)	(154,228)	(31,915)	(186,143)
Net Assets Released from Restrictions	481,517	(481,517)	
	2,659,027	(37,765)	2,621,262
<i>Fundraising Events, net</i>			
Proceeds	370,395		370,395
Less Direct Costs	(96,000)		(96,000)
<i>Total Fundraising Events, net</i>	274,395		274,395
Total Support and Revenues	2,933,422	(37,765)	2,895,657
Expenses			
Program	2,518,670		2,518,670
Management and Administrative	317,295		317,295
Fundraising	185,045		185,045
Total Expenses	3,021,010		3,021,010
<i>Change in Net Assets</i>	(87,588)	(37,765)	(125,353)
Net Assets at Beginning of Year	1,863,052	556,731	2,419,783
Net Assets at End of Year	\$1,775,464	\$518,966	\$2,294,430

Street School, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program			Total Program	Management and Administrative Fundraising		Total Expenses
	Alternative Education	Social Services	Scholarships		Management and Administrative	Fundraising	
Salaries and Wages	\$1,107,124	\$760,311	\$0	\$1,867,435	\$72,628	\$162,016	\$2,102,079
Payroll Taxes	43,956	63,821		107,777	6,096	13,600	127,473
Employee Benefits	260,577	208,645		469,222	19,931	44,460	533,613
Occupancy	195,108	106,422		301,530	53,211		354,741
Insurance	3,050	2,033		5,083	30,985	542	36,610
Student Activities and Projects	7,023	19,967		26,990			26,990
Audit and Accounting					40,921		40,921
Dues and Memberships	4,413	6,619		11,032	1,655	1,103	13,790
Scholarships			1,837	1,837			1,837
Payroll Processing					3,609		3,609
Academic Supplies	747	497		1,244			1,244
Travel	993	1,051		2,044	1,375	19	3,438
Telephone	147	292		439	1,022	1,460	2,921
Postage & Printing	263	393		656	98	66	820
General Supplies	2,662	1,554		4,216	388	259	4,863
Bad Debts						6,610	6,610
Student Assistance	7,173	4,212		11,385			11,385
Miscellaneous	1,661	35,954		37,615	2,104		39,719
Depreciation	7,266	3,963		11,229	1,717	264	13,210
Total Expenses	\$1,642,163	\$1,215,734	\$1,837	\$2,859,734	\$235,740	\$230,399	\$3,325,873

Street School, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program			Total Program	Management and Administrative Fundraising		Total Expenses
	Alternative Education	Social Services	Scholarships				
Salaries and Wages	\$956,972	\$659,046	\$0	\$1,616,018	\$102,916	\$132,578	\$1,851,512
Payroll Taxes	47,522	31,679		79,201	17,952	8,447	105,600
Employee Benefits	327,978	131,845		459,823	74,712	35,158	569,693
Occupancy	184,287	100,520		284,807	50,260		335,067
Insurance	3,050	2,033		5,083	23,864	541	29,488
Student Activities and Projects	6,099	4,066		10,165			10,165
Audit and Accounting					36,453		36,453
Dues and Memberships	5,181	7,771		12,952	1,943	1,295	16,190
Scholarships			1,055	1,055			1,055
Payroll Processing					2,938		2,938
Academic Supplies	9	7		16			16
Travel	568	628		1,196	810	20	2,026
Telephone	139	278		417	974	1,392	2,783
Printing and Publications							
General Supplies	668	1,002		1,670	250	167	2,087
Bad Debts						5,050	5,050
Student Assistance	2,606	1,737		4,343			4,343
Miscellaneous	6,967	18,082		25,049	1,642		26,691
Depreciation	10,919	5,956		16,875	2,581	397	19,853
Total Expenses	\$1,552,965	\$964,650	\$1,055	\$2,518,670	\$317,295	\$185,045	\$3,021,010

Street School, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

Cash Flows from Operating Activities	2023	2022
Change in net assets	\$234,809	(\$125,353)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Unrecognized conditional contributions (PPP)		
Depreciation expense	13,210	19,853
Realized/Unrealized (gain) loss on investments	(115,528)	197,339
(Increase) decrease in pledges receivable	(31,430)	22,294
(Increase) decrease in other receivable	52,250	(98,701)
(Increase) decrease in inventory		590
(Increase) decrease in prepaid expenses		2,616
Increase (decrease) in accounts payable & accruals	(19,610)	67,642
Net Cash Provided (Used) By Operating Activities	133,701	86,280
 Cash Flows from Investing Activities		
Purchase of investments	(431,204)	(297,692)
Proceeds from sale of investments	314,495	86,497
Purchases of property and equipment		(27,760)
Net Cash Provided (Used) By Investing Activities	(116,709)	(238,955)
 Cash Flows from Financing Activities		
Net Cash Provided (Used) By Investing Activities	0	0
 <i>Net Change in Cash and Cash Equivalents</i>	 16,992	 (152,675)
Cash and Cash Equivalents, Beginning of Year	616,078	768,753
Cash and Cash Equivalents, End of Year	\$633,070	\$616,078

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies

Nature of Operations

Street School, Inc. ("Street School" or the "Organization") was organized in June 1973, as a not-for-profit organization to provide alternative education, social services, and career development opportunities to adolescents in the Tulsa, Oklahoma school district with special needs.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

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

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.

Gifts of land, buildings and equipment are reported as an increase in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as an increase in net assets with donor restrictions. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Support and Revenue

Resources for Street School's operations are provided by grants from state, federal and local government agencies, financial and in-kind contributions, and Tulsa Area United Way (United Way). Some fees from government agencies are restricted to reimbursement of expenses incurred. These fees are recognized as revenue when the reimbursable amounts are determined. Income from grants is reported in the period designated by the grantor.

Support provided by contributions from individuals, corporations and foundations are recognized as revenue when the commitment is received. All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restriction support that increases those net asset classes. When a donor restriction expires, that is, when the purpose for which the gift was received has been accomplished, donor restricted net assets are reclassified to without donor restriction net assets and are reported in the statement of activities as net assets released from restrictions. Restricted support that is received in the same accounting period in which the restrictions are satisfied is recorded as unrestricted support for reporting purposes.

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

Use of Estimates

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

Government Contracts

Street School contracts with agencies of the State of Oklahoma under a variety of contractual arrangements. Amounts received under contracts subject to cost settlement provisions are recorded in income as the related expenses are incurred. Street School also receives an allocation from United Way and records a restricted receivable for any remaining unpaid commitment. Historically, Street School has not experienced significant uncollectible accounts and has provided no allowance in the current year. Street School typically does not charge interest on receivables.

Cash and Cash Equivalents

The Organization considers all unrestricted checking and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Promises to Give Receivable

Pledges receivable as of June 30, 2023 and 2022 are unconditional promises to give. Promises to give receivable to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional contribution revenue.

The discount rate used in determining the net present value of promises to give receivable was 3% at June 30, 2023 and 2022. Management believes all pledges to be collectible; it is reasonably possible that this may change in the near term as additional information regarding collections is obtained.

Other Receivables

The Organization's other receivables primarily represent the remaining amount of its United Way award and amount due from granting agencies. Historically, the Organization has not experienced significant uncollectible accounts and has provided no allowance at June 30, 2023 and 2022. In determining whether an allowance is necessary, management reviews receivable balances on a periodic basis taking prior payment history and available financial information into account.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change of net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

The Organization reports all investments for which a quoted market price is available at fair value based upon information obtained from published sources. Investments in time deposits are recorded at cost plus accrued interest.

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis based on the following estimated useful lives:

Educational Equipment	5-7
Building Improvements	5-10
Furniture, Fixtures, and Equipment	3-7
Vehicles	7-10

Additions and improvements that extend the useful lives of the assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred. The Organization follows the practice of capitalizing all expenditures greater than \$500 with an estimated useful life of more than one year.

The Organization records impairment to its property and equipment when it becomes probable that the carrying value of assets will not be fully recovered over the estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Organization based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded in 2023 and 2022.

Income Taxes

The Organization is organized as an Oklahoma nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The Organization is qualified to receive deductible charitable contributions under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization 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 Organization is not classified as a private foundation under Section 509(a) of the Internal Revenue Code. It is the Organization's policy that penalties and interest assessed by income taxing authorities, if any, are included in operating expenses. There were no penalties or interest assessed by taxing authorities during the years ended June 30, 2023 and 2022. The Organization annually evaluates its various tax positions and assesses the likelihood of these positions being upheld by examination with relevant tax authorities.

Concentrations and Credit Risk

The Organization maintains several bank accounts at high-quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash exceeds the FDIC limits at times. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

In the normal course of operations, the Organization receives a substantial amount of its support from Tulsa Public Schools, various governmental agencies and the Tulsa Area United Way. If a significant reduction in the level of this support were to occur, it would have a significant effect on the Organization's programs and activities.

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

Investments & Fair Value Measurements

Investment securities are exposed to various risks such as interest rate, market risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near term may materially affect the amounts reported in the financial statements.

The codification of accounting principles generally accepted in the United States of America defines fair value, establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the availability of inputs used to measure fair value. These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities)
- Level 3 – significant unobservable inputs (including the Organization’s own assumptions in determining the value of the investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and support services provided based upon management’s experience and other factors.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee Benefits & Payroll Taxes	Time and effort
Occupancy	Square footage per function
Equipment & Building Maint	Square footage per function
Depreciation	Square footage per function
Travel & Staff Development	Time and effort
Program Supplies & Activities	Employees per function
Miscellaneous	Time and effort

Recent Accounting Pronouncements

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in this update affect any entity that enters into a lease transaction. The primary change from this guidance is that the lessee should recognize the assets and liabilities that arise from all leases over 12 months in duration. For leases with durations less than 12 months, a lessee is permitted to make a policy election, by class of the underlying asset, not to recognize the related assets and liabilities. If this election is made, the lessees will recognize the lease expense on a straight-line basis over the lease term. ASU No. 2016-02 is effective for the Organizations’ year end June 30, 2023. The Organization has implemented this standard. However as of the year ended June 30, 2023, the Organization had no lease that met the criteria under ASU No. 2016-02 (Topic 842).

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

Subsequent Events

The Organization has evaluated events subsequent to the statement of financial position date (June 30, 2023) through January 18, 2024, the date the financial statements were available to be issued.

Availability and Liquidity

The Organization maintains a policy of regularly reviewing its financial assets and comparing them against the remaining fiscal year budget. Financial statements are reviewed and approved each month at the Board of Directors Meeting. Current operations can be supported, if necessary, with distributions from the endowment. Annual distributable amounts are set by the Board and can electively be released to Street School upon request. In unusual circumstances of need, Street School can also request a distribution of all or a portion of the fund upon two-thirds vote of the Board of Directors.

	2023	2022
Financial assets at year end		
Cash and cash equivalents	\$633,070	\$616,078
Promises to give receivable, net	107,396	75,966
Other receivables	314,252	366,502
Investments	299,056	262,839
Beneficial interest in assets held by others	<u>1,178,324</u>	<u>982,304</u>
Total financial assets	2,532,098	2,303,689
<i>Less amounts not available to be used within one year</i>		
Beneficial interest in assets held by others	(1,178,324)	(982,304)
Accounts payable and accrued liabilities	(57,827)	(77,437)
Net assets with donor restrictions to be spent after one year	<u>(257,358)</u>	<u>(221,945)</u>
	<u>(1,493,509)</u>	<u>(1,281,686)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$1,038,589</u>	<u>\$1,022,003</u>

Net Assets with Donor Restrictions

The Organization receives contributions from donors stipulating their donations be utilized for specific expenses. A summary of the assets subject to restrictions at June 30, 2023 and 2022 follows:

	2023	2022
<i>Subject to expenditure for specific program purpose:</i>		
Scholarships	\$12,329	\$4,166
Senior Activities	470	495
Student Pantry		4,343
Fitness		477
Thanksgiving	3,119	4,914
World as Our Classroom		567
Art	78	934
Library		1,625
Culinary Lab	5,000	
STEM	3,613	
Other	<u>1,204</u>	<u>1,345</u>
	<u>25,813</u>	<u>18,866</u>
<i>Subject to the passage of time:</i>		
Tulsa Area United Way	220,004	220,004
Promises to Give Receivable	<u>112,000</u>	<u>78,950</u>
	<u>332,004</u>	<u>298,954</u>
<i>Subject to continuous donor imposed restriction:</i>		
Endowment	<u>201,145</u>	<u>201,145</u>
	<u>201,145</u>	<u>201,145</u>
Total Net Assets with donor restrictions	<u>\$558,962</u>	<u>\$518,965</u>

Street School, Inc.
Notes to Financial Statements

Beneficial Interest in Assets Held by Others

The Organization has established an agency reserve fund with the Tulsa Community Foundation (the Foundation), an Oklahoma not-for-profit corporation and community foundation. The mutual intent of the Organization and the Foundation is to create a permanent endowment fund for the benefit of the Organization. The objective of the investment management and distribution policies is to provide for sufficient fund growth after distribution and investment expense in order to preserve the inflation-adjusted value of the investment portfolio. The Foundation holds and administers the endowment fund (including subsequent contributions and future earnings) for the benefit of the Organization.

The Agency Fund Agreement provides that the Board of Trustees of the Foundation shall have the power to modify any restriction or condition on distributions from the Fund for any specific charitable purposes or to specific organizations, if in the sole judgment of the Board of Trustees the restriction or condition becomes, in effect, necessary, incapable of fulfillment or inconsistent with the charitable needs served by the Foundation. The Foundation may grant the request if it concludes, upon independent review, that such distribution is neither unreasonable nor inconsistent with the charitable purposes of the Foundation and the Organization; however, the Foundation shall have the ultimate authority over and control of all property in the Fund and all distributions from the Fund.

As the Foundation has agreed to transfer the assets and the return of these assets back to the Organization, the investments are required to be treated as an asset on the financial statements of the Organization. Under the Foundation's endowment management policies, dividends and interest earned and capital gains are retained in the endowment fund.

The following tables summarize investments measured at fair value based on the NAV per share as of June 30, 2023 and 2022, respectively:

Description	Fair Value June 30, 2023	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
<i>Beneficial Interest in Assets Held by Others</i>				
Tulsa Community Foundation	<u>\$1,178,324</u>	N/A	*	N/A

Description	Fair Value June 30, 2022	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
<i>Beneficial Interest in Assets Held by Others</i>				
Tulsa Community Foundation	<u>\$982,304</u>	N/A	*	N/A

* Unusual Circumstances of need or opportunity

Promises to Give Receivable

Promises to give receivable at June 30, 2023 and 2022 consist of the following:

	2023	2022
Due within 1 year	\$56,000	\$58,150
Due in 1-5 years	56,000	20,800
Due after 5 years		
Promises to give receivable	112,000	78,950
Discount	(4,604)	(2,984)
Promises to give receivable, net	<u>\$107,396</u>	<u>\$75,966</u>

Street School, Inc.
Notes to Financial Statements

Other Receivables

Grants receivable at June 30, 2023 and 2022 consist of the following:

	2023	2022
Office of Juvenile Affairs	\$25,964	\$17,354
United Way	220,004	220,004
State Department of Education	60,000	90,000
Other	8,284	39,144
	<u>314,252</u>	<u>366,502</u>
Less allowance for doubtful accounts		
Other Receivables	<u>\$314,252</u>	<u>\$366,502</u>

Endowment

Street School has an endowment fund with Tulsa Community Foundation (TCF), an Oklahoma not-for-profit corporation and community foundation. The mutual intent of Street School and TCF is to create a permanent endowment (the Fund) for the benefit of Street School. Investment management policies are directed by TCF.

The fair value of Street School’s contribution to TCF was \$1,178,324 and \$982,304 at June 30, 2023 and 2022, respectively, valued at the net asset value (NAV) based on the market value of its underlying investments. Although the endowment fund with TCF is not available in an active market, the NAV of the investments are approximated based on the quoted prices of the underlying investments that are traded in an active market. The Organization has no unfunded commitments related to any of these investments and there are no initiated redemption restrictions on these investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

TCF has also received contributions for Street School that are not recorded in Street School’s financial statements due to the donor granting variance power to TCF. The fair value of funds held by TCF for the benefit of Street School, but not reported as an asset was \$10,892 and \$9,897 at June 30, 2023 and 2022, respectively. In unusual circumstances of need or opportunity, Street School may request a distribution of all or a portion of the Fund upon two-thirds vote of Street School’s Board of Directors (the Board). TCF may grant the request if it concludes the distribution is neither unreasonable nor inconsistent with the charitable purposes of TCF and Street School; however, TCF has the ultimate unilateral authority over and control of all property in the Fund.

The Board requires 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, Street School classifies as permanently restricted new assets (a) the original value of gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets is classified based on the existence or absence of donor-imposed restrictions.

Street School’s policy governing the amounts paid annually from the endowment to support current operations is designed to protect the value of the endowment against the expected impact of inflation and to provide real growth of the endowment. The payout rate, set annually by the Board, is based on an estimate of total investment returns and the expected impact of inflation of the endowment assets. The sources of the payout are earned income on the endowment assets (interest and dividends), previously reinvested income, and a portion of realized capital gains. Street School’s spending policy is to distribute annually up to a maximum of 5% of the endowment assets’ total fair value calculated as of

Street School, Inc.
Notes to Financial Statements

Endowment (Continued)

January 1 of the current fiscal year, at the discretion of the Board. There were no distributions for the years ended June 30, 2023 and 2022.

Street School has adopted the Tulsa Community Foundation Investment Policy for endowment assets that attempts to provide a predictable stream of funding by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment is invested in a manner that is intended to produce results based on a moderate investment objective. This objective seeks an average annual real total return equal to at least 6%. Real total return defined as the sum of capital appreciation (or loss) and current income achieved in the form of dividends and interest adjusted for inflation as measured by the consumer price index.

To satisfy its long-term rate-of-return objectives, Street School relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The TCF moderate allocation fund has an overall target asset allocation of 63% in equities, 28% in fixed income and 9% in other to achieve its long-term return objectives.

Changes in Endowment Fund Net Assets for the years ended June 30, 2023 and 2022, consist of the following:

2023	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund net assets, beginning of year	\$781,159	\$201,145	\$982,304
Investment income	75,711	20,309	96,020
Contributions	100,000		100,000
Release from Restriction	20,309	(20,309)	
Endowment Fund net assets, end of year	\$977,179	\$201,145	\$1,178,324

2022	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund net assets, beginning of year	\$728,693	\$201,145	\$929,838
Investment income	84,380	(31,914)	52,466
Release from Restriction	(31,914)	31,914	
Endowment Fund net assets, end of year	\$781,159	\$201,145	\$982,304

Investments

Investments, which are valued at fair value, are summarized as follows at June 30, 2023 and 2022:

	2023			2022		
	Cost	Fair Value	Level	Cost	Fair Value	Level
Fidelity Intermediate Government Income Fund	\$283,362	\$299,056	1	\$263,277	\$262,839	1
	\$283,362	\$299,056		\$263,277	\$262,839	

Donated services and in-kind contributions

Volunteers contribute significant amounts of time to Street School'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 generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

As part of its agreement with Tulsa Public Schools, Street School is provided, without charge, classrooms, counselling and administrative offices, educational materials and the services of four full-time teachers. There are also items, such as food, donated by individuals or businesses.

Street School, Inc.
Notes to Financial Statements

Donated services and in-kind contributions (Continued)

The components of in-kind support at June 30, 2023 and 2022 are summarized below:

	2023	2022
<i>Utilized in Alternative Education</i>		
Salaries and Benefits	\$706,530	\$564,246
Facilities	354,741	335,067
Furniture & Fixtures	0	27,760
Total In-Kind Support	<u>\$1,061,271</u>	<u>\$927,073</u>

The organization does not monetize in-kind donations. The donor-imposed restrictions are based on the type of in-kind of donation.

In relation to the fair value measurement in Topic 820, upon receipt of the initial donation, Street School recognizes in-kind contribution revenue based on the Level 1 market value of the donated item (salaries, furniture, etc). Refer to fair value measurement footnote on page 12 for more information.

Use of Facilities – During the years ended June 30, 2023 and 2022, Street School was given the use of facilities owned by Tulsa Public Schools. Both revenue and expense were recorded for an amount equivalent to a market value rent and utilities of \$354,741 and \$335,067 for the years ended June 30, 2023 and 2022, respectively.

Property and Equipment

Property and Equipment at June 30, 2023 and 2022 consist of the following:

	2023	2022
Educational Equipment	\$315,049	\$315,049
Vehicles	214,688	214,688
Building Improvements	218,716	218,716
Furniture, Fixtures, and Equipment	179,349	179,349
Accumulated Depreciation	(883,632)	(870,422)
Property and Equipment, net	<u>\$44,170</u>	<u>\$57,380</u>

Employee Benefits

Street School has a 403(b) Teacher Retirement account for its eligible full-time employees. The rate of contributions, 9.5% of employee salary and additional compensation for the years ended June 30, 2023 and 2022, was approved by the Board. Total contributions for the years ended June 30, 2023 and 2022, were \$166,557 and \$170,248, respectively.

SUPPLEMENTAL INFORMATION

Street School, Inc.
Schedule of State Awards
For the Year Ended June 30, 2023

State Grantor/Program Title	Contract Number	Current Year Revenue
Community Based Prevention and Diversionary:		
Youth Services Program	4009022791	\$421,675
Oklahoma Department of Education:		
Alternative and At-risk Education Grant	2659018246	300,000
Department of Mental Health and Substance Abuse Services:		
Outpatient Substance Abuse/Adolescents	4529059469	100,000
Total State Awards		<u><u>\$821,675</u></u>

Street School, Inc.
Schedule of Revenues and Expenses
Office of Juvenile Affairs
Community Based Youth Services
For the Year Ended June 30, 2023

Revenues	\$421,675
Program Costs:	
Salaries	421,675
Excess of Revenues over Program Costs	<u><u>\$0</u></u>

OTHER REPORT

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors of
Street School, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Street School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, which collectively comprise the Street School, Inc.’s basic financial statements, and have issued our report thereon dated January 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Street School, Inc.’s internal control over financial reporting (internal control) as a basis for designing 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 Street School, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Street School, Inc.’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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Street School, Inc.’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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regier Carr & Monroe LLP

January 18, 2024

Tulsa, Oklahoma

Street School, Inc.
Schedule of Findings
For the Year Ended June 30, 2023

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> None reported	
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	