

Street School, Inc.

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

**For the Years Ended
June 30, 2019 and 2018**

Street School, Inc.
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June 30, 2019

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Independent Auditor's Report

To the Board of Directors
Street School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Street School, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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. Those standards require that we plan and perform the audits 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 that 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 Street School, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

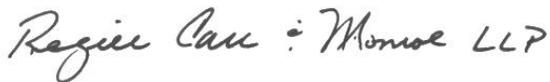
As discussed in the notes to the financial statements, in the year ended June 30, 2019, Street School, Inc. adopted the new accounting guidance related to not-for-profit financial statement presentation. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of State Awards and the Schedule of Revenues and Expenses Office of Juvenile Affairs Community Based Youth Services on pages 19-20 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 December 17, 2019, on our consideration of Street School, Inc.'s internal control over financial reporting and 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 control 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 Street School, Inc.'s internal control over financial reporting and compliance.



December 17, 2019
Tulsa, Oklahoma

Street School, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and Cash Equivalents	\$463,084	\$456,388
Pledges Receivable, net	146,382	165,933
Other Receivables	226,111	216,243
Inventory	2,525	2,925
Prepaid Expenses	14,076	11,988
Investments	204,373	191,684
Beneficial Interest in Assets Held by Others	706,813	666,223
Property and Equipment, net	117,719	152,116
Total Assets	\$1,881,083	\$1,863,500
Liabilities and Net Assets		
<i>Liabilities</i>		
Accounts Payable & Accrued Liabilities	\$11,888	\$11,527
<i>Total Liabilities</i>	<u>11,888</u>	<u>11,527</u>
<i>Net Assets</i>		
Net assets without donor restrictions	1,286,036	1,281,113
Net assets with donor restrictions	583,159	570,860
<i>Total Net Assets</i>	<u>1,869,195</u>	<u>1,851,973</u>
Total Liabilities and Net Assets	\$1,881,083	\$1,863,500

Street School, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
State Grants	\$476,495		\$476,495
Contributions	483,648	91,450	575,098
Tulsa Area United Way Contributions		365,007	365,007
In-kind Contributions - Tulsa Public Schools	894,515		894,515
In-kind Contributions - Other	27,470		27,470
Investment Income (Loss)	40,442	13,054	53,496
Net Assets Released from Restrictions	457,212	(457,212)	
	2,379,782	12,299	2,392,081
<i>Fundraising Events, net</i>			
Proceeds	446,448		446,448
Less Direct Costs	(113,992)		(113,992)
<i>Total Fundraising Events, net</i>	332,456		332,456
Total Support and Revenues	2,712,238	12,299	2,724,537
Expenses			
Program	2,275,588		2,275,588
Management and Administrative	283,131		283,131
Fundraising	148,596		148,596
Total Expenses	2,707,315		2,707,315
<i>Change in Net Assets</i>	4,923	12,299	17,222
Net Assets at Beginning of Year	1,281,113	570,860	1,851,973
Net Assets at End of Year	\$1,286,036	\$583,159	\$1,869,195

Street School, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
State Grants	\$476,495		\$476,495
Contributions	392,377	105,409	497,786
Tulsa Area United Way Contributions		290,007	290,007
In-kind Contributions - Tulsa Public Schools	538,856		538,856
In-kind Contributions - Other	12,558		12,558
Investment Income (Loss)	46,157	15,601	61,758
Net Assets Released from Restrictions	330,309	(330,309)	0
	1,796,752	80,708	1,877,460
<i>Fundraising Events, net</i>			
Proceeds	346,180		346,180
Less Direct Costs	(82,522)		(82,522)
<i>Total Fundraising Events, net</i>	263,658		263,658
Total Support and Revenues	2,060,410	80,708	2,141,118
Expenses			
Program	1,628,956		1,628,956
Management and Administrative	255,011		255,011
Fundraising	116,235		116,235
Total Expenses	2,000,202		2,000,202
<i>Change in Net Assets</i>	60,208	80,708	140,916
Net Assets at Beginning of Year	1,220,905	490,152	1,711,057
Net Assets at End of Year	\$1,281,113	\$570,860	\$1,851,973

Street School, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program			Total Program	Management and Administrative	Fundraising	Total Expenses
	Alternative Education	Social Services	Scholarships				
Salaries and Wages	\$935,068	\$526,625	\$0	\$1,461,693	\$91,092	\$94,830	\$1,647,615
Payroll Taxes	41,207	27,472		68,679	15,567	7,326	91,572
Employee Benefits	276,563	96,180		372,743	54,502	25,648	452,893
Occupancy	171,887	93,756		265,643	46,878		312,521
Insurance	1,905	1,269		3,174	24,899	339	28,412
Student Activities and Projects	15,428	10,284		25,712			25,712
Audit and Accounting					37,581		37,581
Dues and Memberships	2,542	3,814		6,356	953	636	7,945
Scholarships			4,019	4,019			4,019
Technology	1,426	1,426		2,852			2,852
Payroll Processing					2,924		2,924
Academic Supplies	1,989	1,349		3,338			3,338
Travel	780	1,084		1,864	1,310	101	3,275
Telephone	120	239		359	838	1,197	2,394
Printing and Publications	293	439		732	110	73	915
Fees for other services						2,104	2,104
General Supplies	2,550	3,775		6,325	944	629	7,898
Bad Debts						15,025	15,025
Student Assistance	4,193	2,796		6,989			6,989
Miscellaneous	7,937	7,936		15,873	1,061		16,934
Depreciation	18,918	10,319		29,237	4,472	688	34,397
Total Expenses	\$1,482,806	\$788,763	\$4,019	\$2,275,588	\$283,131	\$148,596	\$2,707,315

Street School, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Alternative Education	Social Services	Scholarships	Total Program	Management and Administrative	Fundraising	Total Expenses
Salaries and Wages	\$585,253	\$382,943	\$0	\$968,196	\$94,219	\$79,175	\$1,141,590
Payroll Taxes	32,100	21,401		53,501	12,127	5,707	71,335
Employee Benefits	181,404	82,619		264,023	46,817	22,032	332,872
Occupancy	148,621	81,066		229,687	40,533		270,220
Insurance	1,504	1,003		2,507	19,804	267	22,578
Technology	5,641	5,642		11,283			11,283
Audit and Accounting					18,659		18,659
Student Activities and Projects	11,983	7,988		19,971			19,971
Dues and Memberships	3,641	5,460		9,101	1,365	910	11,376
Academic Supplies	3,572	2,382		5,954			5,954
Travel	2,153	2,679		4,832	3,339	175	8,346
Telephone	190	381		571	1,332	1,904	3,807
General Supplies	873	1,309		2,182	327	218	2,727
Fees for other services						2,797	2,797
Payroll Processing					9,191		9,191
Printing and Publications	1,150	1,724		2,874	431	287	3,592
Student Assistance	1,084	722		1,806			1,806
Academic Books	2,249			2,249			2,249
Bad Debts						1,902	1,902
Miscellaneous	6,805	6,804		13,609	1,269		14,878
Depreciation	23,691	12,919		36,610	5,598	861	43,069
Total Expenses	\$1,011,914	\$617,042	\$0	\$1,628,956	\$255,011	\$116,235	\$2,000,202

Street School, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

Cash Flows from Operating Activities	2019	2018
Change in net assets	\$17,222	\$140,916
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation expense	34,397	43,069
Realized/Unrealized (gain) loss on investments	(39,344)	(51,888)
(Increase) decrease in pledges receivable	90,790	(40,402)
(Increase) decrease in other receivable	(81,107)	106,303
(Increase) decrease in inventory	400	702
(Increase) decrease in prepaid expenses	(2,088)	(2,410)
Increase (decrease) in accounts payable & accruals	361	10,945
Net Cash Provided (Used) By Operating Activities	20,631	207,235
 Cash Flows from Investing Activities		
Purchase of investments	(90,296)	(125,338)
Proceeds from sale of investments	76,361	30,055
Net Cash Provided (Used) By Investing Activities	(13,935)	(95,283)
 Net Change in Cash and Cash Equivalents	6,696	111,952
Cash and Cash Equivalents, Beginning of Year	456,388	344,436
Cash and Cash Equivalents, End of Year	\$463,084	\$456,388

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 has implemented amendments contained in ASU No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the presentation of the financial statements and notes for not-for-profit entities. The main provisions of this guidance include: presentation of two classes of net assets; presentation of expenses by both natural and functional allocations; and the recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets with and without donor restrictions, liquidity, cost allocation methods and underwater endowments. The Organization adopted the amendments for the fiscal year beginning July 1, 2018. Upon adoption, the ASU requires the amendments to be applied on a retrospective basis. Accordingly, 2018 has been restated to apply the amendments of ASU No. 2016-14.

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.

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.

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

Government Contracts and Pledges Receivable

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 temporarily 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.

Pledges Receivable

Pledges receivable as of June 30, 2019 and 2018 are unconditional promises to give. Pledges 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 pledges receivable was 3% at June 30, 2019 and 2018. 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, 2019 and 2018. 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.

The Organization typically does not charge interest on receivables.

Inventory

Inventory is stated at the lower of cost, determined using the first-in, first-out method, or market.

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 2019 and 2018.

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, 2019 and 2018. 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

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

Recent Accounting Pronouncements

On August 26, 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update provide cash flow statement classification guidance for the following eight categories: (1) debt repayment or debt extinguishment costs; (2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (3) contingent consideration payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate owned life insurance policies, including bank-owned life insurance policies; (6) distributions received from equity method investees; (7) beneficial interest in securitization transactions; and (8) separately identifiable cash flows and application of the predominance principle. ASU No. 2016-15 is effective for the Organizations' year end June 30, 2020. Earlier application is permitted. The Organization is currently evaluating the effect implementation of this standard will have on its financial statements.

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, 2021. Earlier application is permitted. The Organization is currently evaluating the effect implementation of this standard will have on its financial statements.

On January 5, 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets & Financial Liabilities*: the long-awaited final standard on the recognition and measurement of financial instruments. The ASU applies to all entities that holds financial assets or owe financial liabilities and represents the finalization of just one of the FASB's broader financial instruments project. ASU No. 2016-01 is effective for the Organizations' year end June 30, 2020. Earlier application is permitted. The Organization is currently evaluating the effect implementation of this standard will have on its financial statements.

On May 26, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. The update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14 which defers the effective date of ASU No. 2014-09 one year making it effective for the Organizations' year end June 30, 2021. Earlier application is permitted. The Organization is currently evaluating the effect implementation of this standard will have on its financial statements.

Subsequent Events

The Organization has evaluated events subsequent to the statement of financial position date (June 30, 2019) through December 17, 2019, the date the financial statements were available to be issued.

Street School, Inc.
Notes to Financial Statements

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.

	2019	2018
Financial assets at year end		
Cash and Cash Equivalents	\$463,084	\$456,388
Pledges Receivable, net	146,382	165,933
Other Receivables	226,111	216,243
Investments	204,373	191,684
Beneficial Interest in Assets Held by Others	706,813	666,223
Total financial assets	1,746,763	1,696,471
<i>Less amounts not available to be used within one year</i>		
Beneficial interest in assets held by others	(706,813)	(666,223)
Accounts payable and accrued liabilities	(11,888)	(11,527)
Net assets with donor restrictions to be spent after one year	(276,458)	(201,145)
	<u>(995,159)</u>	<u>(878,895)</u>
Financial assets available to meet general expenditures over the next twelve months	\$751,604	\$817,576

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, 2019 and 2018 follows:

	2019	2018
<i>Subject to expenditure for specific program purpose:</i>		
Scholarships	\$17,363	\$20,000
Student Assistance		307
Student Pantry	4,341	10,973
Kitched Renovations	4,380	4,380
Fitness	881	2
Thanksgiving	3,242	2,633
Technical	2,277	2,277
World as our Classroom	1,558	758
Art	1,898	1,898
Library	1,625	1,658
Student Prom	2,579	2,033
Sponsor a Senior	2,664	
Other	3,191	1,698
	<u>45,999</u>	<u>48,617</u>
<i>Subject to the passage of time:</i>		
Tulsa Area United Way	182,504	145,004
Pledges Receivable	153,511	176,094
	<u>336,015</u>	<u>321,098</u>
<i>Subject to continuous donor imposed restriction:</i>		
Endowment	27,500	27,500
Other	173,645	173,645
	<u>201,145</u>	<u>201,145</u>
Total Net Assets with donor restrictions	\$583,159	\$570,860

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, 2019 and 2018, respectively:

Description	Fair Value June 30, 2019	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
<i>Beneficial Interest in Assets Held by Others</i>				
Tulsa Community Foundation	<u>\$706,813</u>	N/A	*	N/A

Description	Fair Value June 30, 2018	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
<i>Beneficial Interest in Assets Held by Others</i>				
Tulsa Community Foundation	<u>\$666,223</u>	N/A	*	N/A

* Unusual Circumstances of need or opportunity

Street School, Inc.
Notes to Financial Statements

Pledges Receivable

Pledges receivable at June 30, 2019 and 2018 consist of the following:

	2019	2018
Due within 1 year	\$78,198	\$61,368
Due in 1-5 years	75,313	114,726
Due after 5 years		
Pledges Receivable	153,511	176,094
Discount	(7,129)	(10,161)
Pledges Receivable, net	\$146,382	\$165,933

Other Receivables

Grants receivable at June 30, 2019 and 2018 consist of the following:

	2019	2018
Office of Juvenile Affairs	\$30,993	\$15,645
United Way	182,504	145,004
State Department of Education		45,000
Other	12,614	10,594
	226,111	216,243
Less allowance for doubtful accounts		
Other Receivables	\$226,111	\$216,243

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 \$706,813 and \$666,223 at June 30, 2019 and 2018, 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 \$8,837 and \$7,733 at June 30, 2019 and 2018, 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.

Street School, Inc.
Notes to Financial Statements

Endowment (continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently 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 January 1 of the current fiscal year, at the discretion of the Board. There were no distributions for the years ended June 30, 2019 and 2018.

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, 2019 and 2018, consist of the following:

2019	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund net assets, beginning of year	\$465,078	\$201,145	\$666,223
Investment income	27,536	13,054	40,590
Release from Restriction	13,054	(13,054)	0
Endowment Fund net assets, end of year	\$505,668	\$201,145	\$706,813

2018	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund net assets, beginning of year	\$416,572	\$201,145	\$617,717
Investment income	32,905	15,601	48,506
Release from Restriction	15,601	(15,601)	0
Endowment Fund net assets, end of year	\$465,078	\$201,145	\$666,223

Street School, Inc.
Notes to Financial Statements

Investments

Investments, which are valued at fair value, are summarized as follows at June 30, 2019 and 2018:

	2019			2018		
	Cost	Fair Value	Level	Cost	Fair Value	Level
Fidelity Intermediate Government Income Fund	\$100,000	\$204,373	1	\$100,000	\$191,684	1
	<u>\$ 100,000</u>	<u>\$ 204,373</u>		<u>\$ 100,000</u>	<u>\$ 191,684</u>	

Contribution of Facilities and Service

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.

The components of in-kind support at June 30, 2019 and 2018 are summarized below:

	2019	2018
Tulsa Public Schools:		
Salaries and Benefits	\$573,266	\$249,063
Facilities	312,521	270,221
Educational Materials	8,728	19,572
Total Tulsa Public Schools:	<u>894,515</u>	<u>538,856</u>
Other Sources	27,470	12,558
Total In-Kind Support	<u>\$921,985</u>	<u>\$551,414</u>

Property and Equipment

Property and Equipment at June 30, 2019 and 2018 consist of the following:

	2019	2018
Educational Equipment	\$315,049	\$315,049
Vehicles	214,688	214,688
Building Improvements	218,716	218,716
Furniture, Fixtures, and Equipment	151,589	151,589
Accumulated Depreciation	(782,323)	(747,926)
Property and Equipment, net	<u>\$117,719</u>	<u>\$152,116</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, 2019 and 2018, was approved by the Board. Total contributions for the years ended June 30, 2019 and 2018, were \$121,157 and \$103,681, respectively.

SUPPLEMENTAL INFORMATION

Street School, Inc.
Schedule of State Awards
For the Year Ended June 30, 2019

State Grantor/Program Title	Contract Number	Current Year Revenue
Community Based Prevention and Diversionary: Youth Services Program	4009019034	\$208,595
Oklahoma Department of Education: Alternative and At-risk Education Grant	FY 2015/Code 3310	180,000
Department of Mental Health and Substance Abuse Services: Outpatient Substance Abuse/Adolescents	100730790A	87,900
Total State Awards		<u><u>\$476,495</u></u>

Street School, Inc.
Schedule of Revenues and Expenses
Office of Juvenile Affairs
Community Based Youth Services
For the Year Ended June 30, 2019

Revenues	\$208,595
Program Costs:	
Salaries	208,595
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, 2019 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 December 17, 2019.

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) to determine the 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 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.

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 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 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

December 17, 2019
Tulsa, Oklahoma

Street School, Inc.
Schedule of Findings
For the Year Ended June 30, 2019

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X None reported

Significant deficiency(ies) identified?

 Yes X None reported

Noncompliance material to financial statements noted?

 Yes X No