

Street School, Inc.

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

**For the Years Ended
June 30, 2020 and 2019**

Street School, Inc.
Contents
June 30, 2020

Independent Auditor's Report	1
Statements of Financial Position	3
Statement of Activities For the Year Ended June 30, 2020	4
Statement of Activities For the Year Ended June 30, 2019	5
Statement of Functional Expenses For the Year Ended June 30, 2020	6
Statement of Functional Expenses For the Year Ended June 30, 2019	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplemental Information:	
Schedule of State Awards	21
Schedule of Revenues and Expenses Office of Juvenile Affairs Community Based Youth Services	22
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 <i>Government Auditing Standards</i>	23
Schedule of Findings	25

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, 2020 and 2019, 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, 2020 and 2019, 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

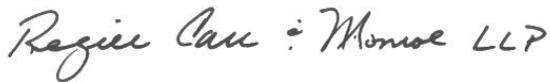
As discussed in the notes to the financial statements, Street School, Inc. adopted the new accounting guidance ASU No. 2014-09 – Revenue from Contracts with Customers (Topic 606), ASU No. 2016-01 - Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets & Financial Liabilities, ASU No. 2016-15, Statement of Cash Flows (Topic 230), and ASU No. 2018-08 – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958) effective July 1, 2019. 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 21-22 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 8, 2021, 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.



January 8, 2021
Tulsa, Oklahoma

Street School, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and Cash Equivalents	\$555,111	\$463,084
Pledges Receivable, net	153,498	146,382
Other Receivables	290,055	226,111
Inventory	698	2,525
Prepaid Expenses	14,320	14,076
Investments	225,856	204,373
Beneficial Interest in Assets Held by Others	728,861	706,813
Property and Equipment, net	78,582	117,719
Total Assets	\$2,046,981	\$1,881,083
Liabilities and Net Assets		
<i>Liabilities</i>		
Accounts Payable & Accrued Liabilities	\$975	\$11,888
PPP Note Payable	10,000	
Unrecognized conditional contributions (PPP)	50,700	
<i>Total Liabilities</i>	<u>61,675</u>	<u>11,888</u>
<i>Net Assets</i>		
Net assets without donor restrictions	1,315,477	1,286,036
Net assets with donor restrictions	669,829	583,159
<i>Total Net Assets</i>	<u>1,985,306</u>	<u>1,869,195</u>
Total Liabilities and Net Assets	\$2,046,981	\$1,881,083

Street School, Inc.
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenues			
State Grants	\$493,163		\$493,163
Contributions	319,658	219,070	538,728
Tulsa Area United Way Contributions		440,007	440,007
In-kind Contributions - Tulsa Public Schools	891,526		891,526
In-kind Contributions - Other	10,434		10,434
Conditional Contribution (PPP)	263,700		263,700
EIDL Grant	10,000		10,000
Investment Income (Loss)	37,277	6,276	43,553
Net Assets Released from Restrictions	578,683	(578,683)	
	2,604,441	86,670	2,691,111
<i>Fundraising Events, net</i>			
Proceeds	404,745		404,745
Less Direct Costs	(98,208)		(98,208)
<i>Total Fundraising Events, net</i>	306,537		306,537
Total Support and Revenues	2,910,978	86,670	2,997,648
Expenses			
Program	2,507,466		2,507,466
Management and Administrative	243,800		243,800
Fundraising	130,271		130,271
Total Expenses	2,881,537		2,881,537
<i>Change in Net Assets</i>	29,441	86,670	116,111
Net Assets at Beginning of Year	1,286,036	583,159	1,869,195
Net Assets at End of Year	\$1,315,477	\$669,829	\$1,985,306

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 Functional Expenses
For the Year Ended June 30, 2020

	Program			Total Program	Management and		Total Expenses
	Alternative Education	Social Services	Scholarships		Administrative	Fundraising	
Salaries and Wages	\$956,856	\$624,980	\$0	\$1,581,836	\$84,400	\$80,222	\$1,746,458
Payroll Taxes	38,361	47,025		85,386	6,350	6,036	97,772
Employee Benefits	286,725	187,087		473,812	25,265	24,014	523,091
Occupancy	170,714	93,117		263,831	46,558		310,389
Insurance	2,201	2,700		4,901	22,161	347	27,409
Student Activities and Projects	9,986	6,658		16,644			16,644
Audit and Accounting					42,921		42,921
Dues and Memberships	5,401	8,100		13,501	2,025	1,350	16,876
Scholarships			5,625	5,625			5,625
Technology	1,714	1,714		3,428			3,428
Payroll Processing					2,428		2,428
Academic Supplies	395	264		659			659
Travel	650	701		1,351	911	17	2,279
Telephone	135	270		405	944	1,349	2,698
Printing and Publications	441	662		1,103	165	110	1,378
Fees for other services						241	241
General Supplies	746	1,120		1,866	280	187	2,333
Bad Debts						15,615	15,615
Student Assistance	1,909	1,273		3,182			3,182
Miscellaneous	5,532	11,138		16,670	4,304		20,974
Depreciation	21,525	11,741		33,266	5,088	783	39,137
Total Expenses	\$1,503,291	\$998,550	\$5,625	\$2,507,466	\$243,800	\$130,271	\$2,881,537

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

	Program			Total Program	Management and Administrative		Total Expenses
	Alternative Education	Social Services	Scholarships		Fundraising		
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.
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

Cash Flows from Operating Activities	2020	2019
Change in net assets	\$116,111	\$17,222
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Unrecognized conditional contributions (PPP)	50,700	
Depreciation expense	39,137	34,397
Realized/Unrealized (gain) loss on investments	(24,595)	(39,344)
(Increase) decrease in pledges receivable	(7,116)	90,790
(Increase) decrease in other receivable	(63,944)	(81,107)
(Increase) decrease in inventory	1,827	400
(Increase) decrease in prepaid expenses	(244)	(2,088)
Increase (decrease) in accounts payable & accruals	(10,913)	361
Net Cash Provided (Used) By Operating Activities	100,963	20,631
 Cash Flows from Investing Activities		
Purchase of investments	(94,882)	(90,296)
Proceeds from sale of investments	75,946	76,361
Net Cash Provided (Used) By Investing Activities	(18,936)	(13,935)
 Cash Flows from Financing Activities		
PPP Loan advance	10,000	
Net Cash Provided (Used) By Investing Activities	10,000	0
 Net Change in Cash and Cash Equivalents	92,027	6,696
Cash and Cash Equivalents, Beginning of Year	463,084	456,388
Cash and Cash Equivalents, End of Year	\$555,111	\$463,084

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.

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.

New Accounting Pronouncements

ASU No. 2014-09

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The ASU requires the Organization to evaluate revenue using the following 5-step approach:

- 1) Identify contracts with customers
- 2) Identify performance obligations within the contracts
- 3) Determine the transaction price
- 4) Allocate the transaction price to the contract performance obligations
- 5) Recognize revenue when the performance obligation is satisfied

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

New Accounting Pronouncements (continued)

The Organization adopted the new standard effective July 1, 2019, the first day of the Organization's fiscal year, using the full retrospective method.

As part of the adoption of the ASU, the Organization elected to use the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) the Organization used the known transaction price for completed contracts; (iii) to exclude disclosure of transaction prices allocated to remaining performance obligations when the Organization expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) the Organization has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determine the transaction price, and allocating the transaction price.

Additionally, the Organization has elected to exclude the following disclosures which are not required for nonpublic entities; (i) to exclude disclosures related to disaggregation of revenue; (ii) to exclude disclosure of information about contract assets and liabilities and the amount of revenue recognized related to performance obligations satisfied in prior periods; (iii) to exclude disclosure of information related to transaction price allocation; (iv) to exclude disclosure related to the significant judgments that affect the amount and timing of revenue recognition; (v) to exclude disclosures related to information about the Organization's accounting for costs to obtain or fulfill a contract; and (vi) to exclude disclosure of information about revenue policy decisions.

The adoption of this ASU did not have a significant impact on the Organization's financial statements. The majority of the Organization's revenue arrangements generally relate to federal and state grants, which are billed monthly on a cost reimbursement basis or as services are rendered. Other revenue sources, such as contribution income, do not consist of a performance obligation to transfer promised goods or services. There are no returns, refunds, or warranties.

Revenue from Exchange Transactions: The Organization generates the vast majority of its program service fees, as noted on page 4 in the Statement of Activities, through food sales. The performance obligation is the delivery of food to the customer and the transaction price is established by the Organization. As each item is individually priced, no allocation of the transaction price is necessary. The Organization recognizes revenue as the customer takes possession of the food. There is no right of returns related to food sales. No liability for probable customer returns was considered necessary as of June 30, 2020 and 2019. This revenue is recognized at a point in time based on the transfer of control.

Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported assets or revenues as a result of the adoption.

ASU No. 2016-01

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. The Organization adopted the new standard effective July 1, 2019, the first day of the Organization's fiscal year. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

New Accounting Pronouncements (continued)

ASU No. 2016-15

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. The Organization adopted the new standard effective July 1, 2019, the first day of the Organization's fiscal year

ASU No. 2018-08

During the year, the Organization adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending June 30, 2020 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

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.

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, 2020 and 2019 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.

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

Pledges Receivable (continued)

The discount rate used in determining the net present value of pledges receivable was 3% at June 30, 2020 and 2019. 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, 2020 and 2019. 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 net realizable value.

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.

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 2020 and 2019.

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

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, 2020 and 2019. 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.

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.

Street School, Inc.
Notes to Financial Statements

Nature of Operations and Summary of Accounting Policies (continued)

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. 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, 2020) through January 8, 2021, 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.

	<u>2019</u>	<u>2018</u>
Financial assets at year end		
Cash and Cash Equivalents	\$555,111	\$463,084
Pledges Receivable, net	153,498	146,382
Other Receivables	290,055	226,111
Investments	225,856	204,373
Beneficial Interest in Assets Held by Others	728,861	706,813
Total financial assets	<u>1,953,381</u>	<u>1,746,763</u>
 <i>Less amounts not available to be used within one year</i>		
Beneficial interest in assets held by others	(728,861)	(706,813)
Accounts payable and accrued liabilities	(975)	(11,888)
PPP Loan	(10,000)	
Net assets with donor restrictions to be spent after one year	(259,545)	(276,458)
	<u>(999,381)</u>	<u>(995,159)</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$954,000</u>	 <u>\$751,604</u>

Street School, Inc.
Notes to Financial Statements

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, 2020 and 2019 follows:

	2020	2019
<i>Subject to expenditure for specific program purpose:</i>		
Scholarships	\$11,738	\$17,363
Senior Activities	2,757	
Student Pantry	9,041	4,341
Kitchen Renovations	1,698	4,380
Fitness	881	881
Thanksgiving	5,402	3,242
Technical	1,849	2,277
World as our Classroom	8,792	1,558
Art	1,898	1,898
Library	1,625	1,625
Student Prom		2,579
Sponsor a Senior		2,664
Other	1,948	3,191
	47,629	45,999
<i>Subject to the passage of time:</i>		
Tulsa Area United Way	220,004	182,504
Contributions	40,000	
Pledges Receivable	161,051	153,511
	421,055	336,015
<i>Subject to continuous donor imposed restriction:</i>		
Endowment	27,500	27,500
Other	173,645	173,645
	201,145	201,145
Total Net Assets with donor restrictions	\$669,829	\$583,159

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.

Street School, Inc.
Notes to Financial Statements

Beneficial Interest in Assets Held by Others (continued)

The following tables summarize investments measured at fair value based on the NAV per share as of June 30, 2020 and 2019, respectively:

Description	Fair Value June 30, 2020	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
<i>Beneficial Interest in Assets Held by Others</i>				
Tulsa Community Foundation	<u>\$728,861</u>	N/A	*	N/A

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

* Unusual Circumstances of need or opportunity

Pledges Receivable

Pledges receivable at June 30, 2020 and 2019 consist of the following:

	2020	2019
Due within 1 year	\$102,651	\$78,198
Due in 1-5 years	58,400	75,313
Due after 5 years		
Pledges Receivable	161,051	153,511
Discount	(7,553)	(7,129)
Pledges Receivable, net	<u>\$153,498</u>	<u>\$146,382</u>

Other Receivables

Grants receivable at June 30, 2020 and 2019 consist of the following:

	2020	2019
Office of Juvenile Affairs	\$0	\$30,993
United Way	220,004	182,504
State Department of Education	45,000	
Other	25,051	12,614
	290,055	226,111
Less allowance for doubtful accounts		
Other Receivables	<u>\$290,055</u>	<u>\$226,111</u>

Street School, Inc.
Notes to Financial Statements

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 \$728,861 and \$706,813 at June 30, 2020 and 2019, 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, 2020 and 2019, 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 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, 2020 and 2019.

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.

Street School, Inc.
Notes to Financial Statements

Endowment (continued)

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, 2020 and 2019, consist of the following:

2020	Without Donor Restriction	With Donor Restriction	Total
Endowment Fund net assets, beginning of year	\$505,668	\$201,145	\$706,813
Investment income	15,772	6,276	22,048
Release from Restriction	6,276	(6,276)	
Endowment Fund net assets, end of year	\$527,716	\$201,145	\$728,861

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)	
Endowment Fund net assets, end of year	\$505,668	\$201,145	\$706,813

Investments

Investments, which are valued at fair value, are summarized as follows at June 30, 2020 and 2019:

	2020			2019		
	Cost	Fair Value	Level	Cost	Fair Value	Level
Fidelity Intermediate Government Income Fund	\$219,822	\$225,856	1	\$210,501	\$204,373	1
	\$219,822	\$225,856		\$210,501	\$204,373	

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, 2020 and 2019 are summarized below:

	2020	2019
Tulsa Public Schools:		
Salaries and Benefits	\$581,137	\$573,266
Facilities	310,389	312,521
Educational Materials	-	8,728
Total Tulsa Public Schools:	891,526	894,515
Other Sources	10,434	27,470
Total In-Kind Support	\$901,960	\$921,985

Street School, Inc.
Notes to Financial Statements

Property and Equipment

Property and Equipment at June 30, 2020 and 2019 consist of the following:

	2020	2019
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	(821,460)	(782,323)
Property and Equipment, net	\$78,582	\$117,719

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, 2020 and 2019, was approved by the Board. Total contributions for the years ended June 30, 2020 and 2019, were \$149,279 and \$121,157, respectively.

Paycheck Protection Program and Economic Injury Disaster Loans

In April of 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program (“PPP”), a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of \$324,400. The PPP loan bears interest at a fixed rate of 1.0% per annum, with the first six-months of interest deferred, has a term of two years, and is unsecured and guaranteed by the SBA.

In May of 2020, the Organization qualified and received a \$10,000 grant pursuant to the Economic Injury and Disaster Loans (“EIDL”) program also implemented by the SBA under the Coronavirus Aid, Relief, and Economic Security Act.

The principal amount of the PPP loan is subject to forgiveness under the PPP upon the Organization’s request to the extent that the loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, covered utility payments, and other operating expenses incurred by the Organization. However, when an EIDL grant is received in addition to the PPP loan, the EIDL grant will be subtracted from the PPP forgiveness.

As of June 30, 2020, the Organization incurred \$263,700 of covered expenses which was recognized as income, leaving unrecognized conditional contributions of \$50,700 and a payable for the PPP loan for \$10,000. In November of 2020, \$314,400 of the PPP loan was forgiven and \$10,000 was repaid by the Organization.

Contingencies

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The Organization expects these matters to negatively impact its operating results. However, the related impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

Street School, Inc.
Schedule of State Awards
For the Year Ended June 30, 2020

State Grantor/Program Title	Contract Number	Current Year Revenue
Community Based Prevention and Diversionary: Youth Services Program	4009022791	\$225,263
Oklahoma Department of Education: Alternative and At-risk Education Grant	2659018246	180,000
Department of Mental Health and Substance Abuse Services: Outpatient Substance Abuse/Adolescents	4529059469	87,900
Total State Awards		<u><u>\$493,163</u></u>

Street School, Inc.
Schedule of Revenues and Expenses
Office of Juvenile Affairs
Community Based Youth Services
For the Year Ended June 30, 2020

Revenues	\$225,263
Program Costs:	
Salaries	225,263
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, 2020 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 8, 2021.

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

January 8, 2021
Tulsa, Oklahoma

Street School, Inc.
Schedule of Findings
For the Year Ended June 30, 2020

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