StreetWise, Inc.

(An Illinois Not-For-Profit Corporation)

Independent Auditors' Report and

Financial Statements

For the Years Ended December 31, 2018 and 2017

FSB&W

CERTIFIED PUBLIC ACCOUNTANTS

StreetWise, Inc.

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FSB&W CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
StreetWise, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of StreetWise, Inc. (the "Organization"), an Illinois Not-for-Profit corporation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 StreetWise, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

StreetWise, Inc. adopted Financial Accounting Standards Board (FASB) accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities,* as discussed in Note 2. Our opinion is not modified with respect to this matter.

Respectively submitted,

FSB&W llc.

FSB&W, LLC
Certified Public Accountants
Lincolnshire, Illinois
August 13, 2019

StreetWise, Inc.

Statements of Financial Position

December 31, 2018 and 2017

Assets

	2018	2017
Current Assets		
Cash	$ 269,205	$ 225,830
Accounts Receivable	33,920	50,601
Contributions Receivable	13,786	-
Grants Receivable	5,000	-
Prepaid Expenses	7,346	5,785
Total Current Assets	329,257	282,216
Equipment		
Computer Equipment	28,981	28,981
Office Equipment	13,340	13,340
Program Equipment	60,000	60,000
	102,321	102,321
Less: Accumulated Depreciation	(102,321)	(96,321)
Equipment, Net	-	6,000
Total Assets	**$ 329,257**	**$ 288,216**

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

StreetWise, Inc.

Statements of Financial Position

December 31, 2018 and 2017

Liabilities and Net Assets

	2018	2017
Current Liabilities		
Accounts Payable	$ 20,285	$ 11,202
Accrued Expenses	35,375	15,450
Total Current Liabilities	55,660	26,652
Net Assets		
Without Donor Restrictions	273,597	261,564
Total Liabilities and Net Assets	**$ 329,257**	**$ 288,216**

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

StreetWise, Inc.

Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenues						
Magazine Sales	$ 177,123		$ 177,123	$ 226,970		$ 226,970
Transitional Jobs Program	86,419		86,419	93,475		93,475
Donations and Grants	210,815		210,815	153,289		153,289
Special Events:						
Gross Proceeds	312,925		312,925	283,949		283,949
Direct Expenses	(81,255)		(81,255)	(95,444)		(95,444)
Interest Income	15		15	37		37
Miscellaneous Income	354		354	199		199
Net Assets Released From Restrictions	-	-	-	80,025	$ (80,025)	-
Total Revenue and Net Assets Released From Restrictions	706,396	-	706,396	742,500	(80,025)	662,475
Expenses						
Program Expenses	501,004		501,004	503,062		503,062
Management and General	107,498		107,498	107,022		107,022
Fundraising	85,861		85,861	91,356		91,356
Total Expenses	694,363	-	694,363	701,440	-	701,440
Change in Net Assets	12,033	-	12,033	41,060	(80,025)	(38,965)
Net Assets, Beginning of Year	261,564	-	261,564	220,504	80,025	300,529
Net Assets, End of Year	**$ 273,597**	**$ -**	**$ 273,597**	**$ 261,564**	**$ -**	**$ 261,564**

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

StreetWise, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services			Supporting Services			
	Magazine	Work Force	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 174,383	$ 91,155	$ 265,538	$ 71,338	$ 59,449	$ 130,787	396,325
Payroll Taxes	15,126	7,907	23,033	6,188	5,157	11,345	34,378
Contract Labor	13,322	-	13,322	-	-	-	13,322
Depreciation	-	4,500	4,500	1,500	-	1,500	6,000
Dues and Subscriptions	1,410	-	1,410	-	352	352	1,762
Employee Benefits	12,567	6,569	19,136	5,141	4,284	9,425	28,561
Equipment Rental	2,415	161	2,576	322	322	644	3,220
Food and Beverage	-	-	-	901	-	901	901
Insurance	1,690	113	1,803	225	225	450	2,253
Magazine Production	85,090	-	85,090	-	-	-	85,090
Marketing	-	-	-	2,343	-	2,343	2,343
Memberships	1,036	-	1,036	-	-	-	1,036
Money Transport	2,227	-	2,227	-	-	-	2,227
Office Expense	-	-	-	3,913	-	3,913	3,913
Payroll Processing	1,552	915	2,467	716	796	1,512	3,979
Postage and Delivery	29	-	29	-	117	117	146
Professional Fees	1,133	567	1,700	7,931	1,700	9,631	11,331
Rent	39,375	2,625	42,000	5,250	5,250	10,500	52,500
Repairs and Maintenance	4,039	269	4,308	539	539	1,078	5,386
Research and Development	-	-	-	-	2,243	2,243	2,243
Service Charges	-	-	-	-	3,760	3,760	3,760
Staff and Board Development	-	-	-	60	-	60	60
Telecommunications	3,356	224	3,580	447	447	894	4,474
Transitional Jobs Program	-	9,894	9,894	-	-	-	9,894
Travel and Entertainment	2,144	-	2,144	-	536	536	2,680
Utilities	5,129	342	5,471	684	684	1,368	6,839
Vendor Campaign	9,740	-	9,740	-	-	-	9,740
	$ 375,763	**$ 125,241**	**$ 501,004**	**$ 107,498**	**$ 85,861**	**$ 193,359**	**$ 694,363**

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

StreetWise, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services			Supporting Services			
	Magazine	Work Force	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 177,279	$ 92,668	$ 269,947	$ 72,523	$ 60,436	$ 132,959	402,906
Payroll Taxes	16,230	8,484	24,714	6,639	5,533	12,172	36,886
Bad Debt	-	-	-	1,500	-	1,500	1,500
Contract Labor	14,485	-	14,485	-	-	-	14,485
Depreciation	-	9,056	9,056	3,019	-	3,019	12,074
Dues and Subscriptions	1,476	-	1,476	-	369	369	1,845
Employee Benefits	11,914	6,228	18,142	4,874	4,062	8,936	27,077
Equipment Rental	2,409	161	2,570	321	321	642	3,212
Food and Beverage	-	-	-	275		275	275
Insurance	6,913	461	7,374	922	922	1,844	9,217
Magazine Production	91,482	-	91,482	-	-	-	91,482
Marketing	-	-	-	1,003	-	1,003	1,003
Memberships	250	-	250	-	-	-	250
Money Transport	2,285	-	2,285	-	-	-	2,285
Office Expense	-	-	-	1,237	-	1,237	1,237
Payroll Processing	1,050	619	1,669	485	538	1,023	2,692
Postage and Delivery	559	-	559	-	2,235	2,235	2,794
Professional Fees	1,033	517	1,550	7,231	1,549	8,780	10,330
Rent	39,150	2,610	41,760	5,220	5,220	10,440	52,200
Repairs and Maintenance	2,231	149	2,380	297	297	594	2,974
Research and Development	-	-	-	-	2,056	2,056	2,056
Service Charges	-	-	-	-	6,477	6,477	6,477
Staff and Board Development	-	-	-	342	-	342	342
Telecommunications	3,279	219	3,498	437	437	874	4,372
Transitional Jobs Program	-	(508)	(508)	-	-	-	(508)
Travel and Entertainment	830	-	830	-	207	207	1,037
Utilities	5,227	348	5,575	697	697	1,394	6,969
Vendor In Reach	3,968	-	3,968	-	-	-	3,968
	$ 382,050	**$ 121,012**	**$ 503,062**	**$ 107,022**	**$ 91,356**	**$ 198,378**	**$ 701,440**

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

StreetWise, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	$ 12,033	$ (38,965)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	6,000	12,074
Changes in Operating Assets and Liabilities:		
Accounts Receivable	16,681	(21,741)
Contributions Receivable	(13,786)	-
Pledges Receivable	-	5,000
Grants Receivable	(5,000)	75,025
Prepaid Expenses	(1,561)	2,481
Accounts Payable	9,083	7,766
Accrued Expenses	19,925	(11,842)
Net Cash Provided by Operating Activities	43,375	29,798
Net Increase in Cash	43,375	29,798
Cash, Beginning of Year	225,830	196,032
Cash, End of Year	$ 269,205	$ 225,830

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

Note 1 – Organization and Nature of Operations

Organization
StreetWise, Inc. ("the Organization") is an Illinois Not-for-Profit corporation formed on May 1, 1992. The Organization's mission is to empower the entrepreneurial spirit through the dignity of self-employment by providing Chicagoans facing homelessness with a combination of supportive services, workforce development resources and immediate access to gainful employment.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting
The Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid debt investments purchased with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2018 and 2017.

Accounts Receivable
Accounts receivable primarily consist of revenues generated from advertising placed in the Organization's magazine or services performed. Receivables are written off when deemed uncollectible. The Organization believes that the accounts receivable are fully collectible at December 31, 2018 and 2017 and therefore has made no provision for uncollectible accounts.

Contributions and Grants Receivable
Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions and grants receivable that are expected to be collected within one year are recorded at their net realizable value.

Note 2 – Summary of Significant Accounting Policies (Continued)

Equipment

The Organization capitalizes all expenditures for equipment in excess of $500. Equipment is carried at cost. Contributed equipment is recorded at its fair market value as of the date contributed. If donors stipulate how long assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as assets without donor restrictions. Assets are depreciated over the estimated useful lives which range from five to fifteen years using the straight-line method. Depreciation expense for the years ended December 31, 2018 and 2017 was $6,000 and $12,074, respectively. Gains and losses from the sale or disposition of equipment are included in income. Maintenance and repairs are charged to operations.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. There were no impairment indicators at December 31, 2018 or 2017.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services

Contributions of services are required to be recognized if the service received creates or enhances non-financial assets or requires specialized skills and would typically need to be purchased if not provided by the donation. During 2018 and 2017, no donated services met these criteria. In addition, many individuals volunteer their time and perform a variety of tasks that assist the organization.

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition
The Organization prints a weekly magazine which is sold by vendors. The sales of these magazines and the advertising sales therein represent major sources of revenue for the Organization and are recorded when they are sold to the vendors or advertisers. Grants and donations, including unconditional promises to give, are recognized as revenue in the period in which the grants or donations are pledged.

Advertising Costs
The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2018, and 2017 was $2,343 and $748, respectively.

Functional Allocation of Expenses
The costs of providing the various programs and supporting services have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of staff time and effort.

Income Taxes
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. In addition, the Organization has been determined by the Internal Revenue Service ("IRS") not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, the Organization has made no provision for income taxes in the accompanying financial statements.

GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability or asset if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. The Organization's management have analyzed the tax position taken by the Organization, and have concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements.

The Organization files U.S. federal and Illinois state informational tax returns. The federal and state informational tax returns of the Organization can be subject to examinations by tax authorities, generally for three years after they were filed. Currently, there are no audits for any tax periods in progress. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses. At December 31, 2018 and 2017, there are no interest or penalties relating to income taxes recognized in the statements of activities and change in net assets.

Note 2 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements
In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (Topic 606), which impacts revenue recognition for exchange transactions. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted subsequent to periods beginning after December 15, 2016. The Organization plans to adopt ASU 2014-09 (Topic 606) for the year beginning after December 15, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under ASU 2016-02, lessees will be required to bring substantially all leases onto their balance sheets by recording a right-of-use asset and lease liability. Expense will be recognized on a straight-line basis for an operating lease. The requirements of ASU 2016-02 are effective for the Organization's fiscal year ending December 31, 2020. The Organization is currently evaluating the impact of this pronouncement.

In June 2018, the FASB issued a new accounting standard, ASU 2018-18 (Topic 958), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization plans to adopt ASU 2018-08 (Topic 958) for the year beginning after December 15, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

Changes in Accounting Principle
On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profits Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The new ASU 2016-14 requires organizations to report net assets and funds with donor restrictions or without donor restrictions. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The change in accounting principle has been applied retrospectively to all years presented. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2018. StreetWise, Inc. has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. Under the new standard, temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions; and the unrestricted net asset class has been renamed net assets without donor restrictions.

Date of Management's Review
Management has evaluated subsequent events through August 13, 2019, the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

The Organization's goal is generally to maintain financial assets sufficient to cover 90 days of operating expenses. Financial assets are considered unavailable when non-liquid or not convertible to cash within one year or because the donor has restricted the use of the funds. Financial assets available to meet cash needs for general expenditures within one year are equivalent to total current assets and total $329,257 for the year ended December 31, 2018.

Note 4 – Compensated Absences

Employees of the Organization are entitled to paid vacation depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Note 5 – Operating Lease

Effective September 1, 2016, the Organization entered into an operating lease agreement to rent office space in Chicago, Illinois. The term of the lease was for the period September 1, 2016 through August 31, 2018, with two one-year extension options. The Organization exercised the first option to renew with monthly rental payments of $4,450. If exercised, the term for the second one-year option to renew begins in September 2019 with rent increasing to $4,550 per month. The operating lease agreement requires the lessee to pay for the maintenance, utilities, liability and property damage insurance on the premises.

Annual fixed rentals under all operating leases are as follows:

Year Ending December 31,	Amount
2018	$ 52,600
2019	53,800
2020	36,400
Total	$ 142,800

Rental expense for the years ended December 31, 2018 and 2017 was $52,500 and $52,200, respectively.