

STREET WORKS, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

(Together with Independent Auditor's Report)

STREET WORKS, INC.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Street Works, Inc.
Nashville, Tennessee**

I have audited the accompanying statement of financial position of Street Works, Inc. (a Tennessee Corporation – Not For Profit) as of December 31, 2009 and the related statements of support, revenues and expenses and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of Street Works, Inc. as of December 31, 2009, and the results of its operations, cash flows and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

June 24, 2010



DAVID P. GUENTHER

STREET WORKS, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Current Assets:

Cash in the bank	\$	21,239	
Grant funds receivable		88,487	
Prepaid expenses		<u>3,359</u>	
Total current assets			\$ 113,085

Property and Equipment:

Vehicles	\$	48,846	
Office equipment		<u>47,097</u>	
	\$	<u>95,943</u>	

Less: Accumulated depreciation		<u>(70,926)</u>	
Total property and equipment			<u>25,017</u>

Total assets			\$ <u><u>138,102</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	9,353	
Line of credit		<u>17,775</u>	
Total current liabilities			\$ 27,128

Other Liabilities:

Loan from officer	\$	<u>6,506</u>	
Total other liabilities			6,506

Net Assets:

Unrestricted net assets	\$	<u>104,468</u>	
Total net assets			<u>104,468</u>

Total liabilities and net assets			\$ <u><u>138,102</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

STREET WORKS, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF SUPPORT, REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

Support and Revenues:

Grant funds earned	\$ 492,711
Donated use of facilities	19,200
Special event, net of related expenses of \$3,802	12,848
Contributions and other	<u>31,857</u>

Total Support and Revenues		\$ 556,616
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Expenses:

Program services	\$ 502,746
Management and general	21,379
Fundraising	<u>7,538</u>

Total Expenses		<u>531,663</u>
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Excess <Deficit>of support and revenues over expenses		\$ 24,953
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Unrestricted net assets, December 31, 2008		<u>79,515</u>
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Unrestricted net assets, December 31, 2009		\$ <u><u>104,468</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

STREET WORKS, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Client assistance	\$ 69,926	\$ -	\$ -	\$ 69,926
Conferences	2,479	-	-	2,479
Contract labor	2,624	-	-	2,624
Depreciation	16,276	450	-	16,726
Dues	225	25	-	250
Employee benefits	22,799	-	-	22,799
Equipment expense	1,005	-	-	1,005
Insurance	13,292	-	-	13,292
Interest	-	2,519	-	2,519
Occupancy	23,152	960	-	24,112
Office expense	6,142	-	-	6,142
Payroll taxes	30,208	517	517	31,242
Postage	609	-	-	609
Professional fees	13,490	8,328	-	21,818
Retirement plan contribution	2,088	261	261	2,610
Salaries and wages	277,661	6,760	6,760	291,181
Supplies	3,704	971	-	4,675
Telephone	11,423	588	-	12,011
Travel	5,643	-	-	5,643
Total expenses	\$ <u>502,746</u>	\$ <u>21,379</u>	\$ <u>7,538</u>	\$ <u>531,663</u>

The accompanying notes to financial statements are an integral part of this statement.

STREET WORKS, INC.
(A TENNESSEE CORPORATION, NOT FOR PROFIT)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009

Cash flows from operating activities:

Change in net assets	\$ 24,953
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Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities

Depreciation and amortization	16,726
Increase in grant funds receivable	(50,604)
Increase in prepaid expenses	(1,902)
Increase in accounts payable	9,236
Net cash provided (used) by operating activities:	\$ (1,591)

Cash flows from investing activities:

Purchase of equipment	\$ (7,738)
Net cash provided (used) by investing activities:	\$ (7,738)

Cash flows from financing activities:

Advance on credit line	\$ 17,775
Repayment of loan from officer	(1,475)
Net cash provided (used) by financing activities:	\$ 16,300

Net increase in cash	\$ 6,971
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Cash, beginning of year	14,268
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Cash, end of year	\$ 21,239
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Supplemental information:

Net cash paid for interest	\$ 2,519
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The accompanying notes to financial statements are an integral part of this statement.

STREET WORKS, INC.
(A TENNESSEE CORPORATION-NOT-FOR-PROFIT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organizational Status

Street Works, Inc., (the organization) was incorporated in the State of Tennessee in April, 2000 as a not-for-profit corporation. The organization's mission is to address health disparities and substance use to hard to reach populations in communities of color, specially those infected or affected by HIV/AIDS through education, prevention, care and advocacy.

Financial Statement Presentations

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statement of Not-for-Profit Organizations." Under SFAS No. 117 Street Works, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization, Street Works, Inc. presently has no temporarily or permanently restricted net assets.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Revenue Recognition

Street Works, Inc. recognizes contributions as revenue when the contributions are received. Grant funds are recognized as revenues when such funds are expended for their intended purpose.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, Street Works, Inc. considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of five years. Donated fixed assets are valued at the fair market value of the assets at the date of donation.

Statement of Functional Expenses

The cost of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

Preparation of Street Works, Inc. financial statements, in conformity with generally accepted accounting principles, 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 the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

Street Works, Inc. is a Tennessee not-for-profit corporation which is not classified as a private foundation by the Internal Revenue Service and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Street Works, Inc. qualifies for the charitable contribution deduction.

(2) SIGNIFICANT FUNDING SOURCES:

The organization's programs are supported almost entirely by grants from various governmental entities. A major reduction of funding from any of these sources, should this occur and not be replaced by other sources, may have a significant effect on future operations.

(3) DONATED GOODS AND SERVICES:

The organization occupies office space in a facility provided at a substantially reduced charge by the Metropolitan Development and Housing Authority (MDHA) under an annually renewable lease. MDHA also provides all applicable utilities, except telephone, for the office space.

The value of the donated space has been calculated by management based upon the approximate fair rental values of similar office space in the area (\$1,600 per month). This lease expires on September 30, 2010.

(4) LINE OF CREDIT:

The organization maintains a \$5,000 and a \$30,000 unsecured line of credit with SunTrust Bank, Nashville, Tennessee. The interest rates on these credit lines were 6.29% and 5.5%, respectively at December 31, 2009. Maximum borrowing for the year under these credit lines amounted to \$35,000, of which \$17,775 was outstanding at December 31, 2009.

(5) RETIREMENT PLAN:

The organization adopted a Simple IRA plan for all employees during the year. The organization will match 60% of all employee contributions up to a maximum of 5% of compensation. Total expense to the organization for the year was \$2,610.