

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

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Together with Independent Auditor's Report)

**STREET WORKS, INC.**

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**DAVID P. GUENTHER**  
CERTIFIED PUBLIC ACCOUNTANT  
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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, 2011 and the related statements of support, revenues and expenses and changes in net assets, functional expenses, and statement of 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.

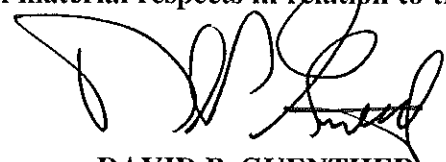
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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, 2011, and the results of its operations and changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 9, 2012, on my consideration of Street Works, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the financial statements referred to above taken as a whole. The schedule of support and revenue is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

August 9, 2012

  
**DAVID P. GUENTHER**

**STREET WORKS, INC.**  
**(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2011**

**ASSETS**

**Current Assets:**

Cash in the bank	\$	12,797	
Grant funds receivable		117,677	
Prepaid expenses		<u>3,884</u>	
Total current assets			\$ 134,358

**Property and Equipment:**

Vehicles	\$	44,846	
Office equipment		<u>60,433</u>	
	\$	105,279	
Less: Accumulated depreciation		<u>(85,715)</u>	
Total property and equipment			<u>19,564</u>
Total assets			\$ <u>153,922</u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable	\$	43,620	
Payroll taxes payable		3,919	
Line of credit		<u>22,907</u>	
Total current liabilities			\$ 70,446

**Net Assets:**

Unrestricted net assets	\$	<u>83,476</u>	
Total net assets			<u>83,476</u>
Total liabilities and net assets			\$ <u>153,922</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 SUPPORT, REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Support and Revenues:**

Grant funds earned	\$ 767,062	
Donated use of facilities	19,200	
Special event, net of related expenses of \$3,848	21,523	
Contributions and other	<u>24,896</u>	
 Total Support and Revenues		 \$ 832,681

**Expenses:**

Program services	\$ 806,836	
Management and general	23,210	
Fundraising	<u>7,726</u>	
 Total Expenses		 <u>837,772</u>
 Excess (Deficit) of support and revenues over expenses		 \$ (5,091)
 Unrestricted net assets, December 31, 2010		 <u>88,567</u>
 Unrestricted net assets, December 31, 2011		 <u><u>\$ 83,476</u></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 FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b><u>PROGRAM SERVICES</u></b>	<b><u>MANAGEMENT AND GENERAL</u></b>	<b><u>FUND RAISING</u></b>	<b><u>TOTAL</u></b>
Client assistance	\$ 73,655	\$ -	\$ -	\$ 73,655
Conferences	17,995	-	-	17,995
Depreciation	6,742	-	-	6,742
Dues	-	1,199	-	1,199
Equipment expense	11,174	-	-	11,174
Insurance	72,987	-	-	72,987
Interest	-	8,014	-	8,014
Occupancy	25,847	960	-	26,807
Office expense	7,608	-	-	7,608
Payroll taxes	42,075	537	537	43,149
Postage	675	-	-	675
Professional fees	40,581	4,500	-	45,081
Retirement plan contribution	1,542	169	169	1,880
Salaries and wages	470,935	7,020	7,020	484,975
Supplies	11,081	299	-	11,380
Telephone	18,050	512	-	18,562
Travel	5,889	-	-	5,889
Total expenses	\$ <u>806,836</u>	\$ <u>23,210</u>	\$ <u>7,726</u>	\$ <u>837,772</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, 2011**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (5,091)
<b>Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities</b>	
Depreciation and amortization	6,742
Decrease in grant funds receivable	15,532
Increase in prepaid expenses	(525)
Increase in accounts payable	19,249
Increase in payroll taxes payable	3,919
Net cash provided (used) by operating activities:	\$ <u>39,826</u>
<b>Cash flows from investing activities:</b>	
Purchase of equipment	\$ <u>(12,886)</u>
Net cash provided (used) by investing activities:	\$ <u>(12,886)</u>
<b>Cash flows from financing activities:</b>	
Repayment on credit line, net	\$ (8,944)
Repayment of loan from officer	(8,906)
Net cash provided (used) by financing activities:	\$ <u>(17,850)</u>
 Net increase in cash	 \$ 9,090
 Cash, beginning of year	 <u>3,707</u>
 Cash, end of year	 <u>\$ 12,797</u>
 <b>Supplemental information:</b>	
Net cash paid for interest	\$ <u>8,014</u>

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, 2011**

**(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, 2012.

**(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 6.25% and 8.25%, respectively at December 31, 2011. Maximum borrowing for the year under these credit lines amounted to \$35,000, of which \$22,907 was outstanding at December 31, 2011.

**(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 \$1,879.

**(6) SUBSEQUENT EVENTS:**

The organization has evaluated subsequent events through August 9, 2012, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the organization as of that date.

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**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 Works, Inc.  
Nashville, Tennessee

I have audited the financial statements of Street Works, Inc. as of and for the year ended December 31, 2011, and have issued my report thereon dated August 9, 2012. I conducted my audit 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.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Street Works Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Street Works Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the company's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the company's financial statements that is more than inconsequential will not be prevented or detected by the company's internal control.

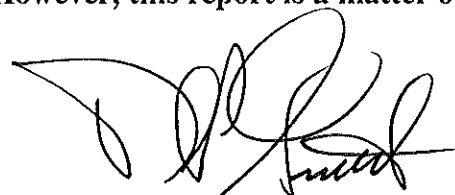
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the company's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Street Works Inc.'s financial statements are free of material misstatement, I 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the U. S. Department of Health and Human Services. However, this report is a matter of public record, and its distribution is not limited.



DAVID P. GUENTHER

August 9, 2012

**DAVID P. GUENTHER**  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

I have audited the compliance of Street Works, Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that is applicable to its major federal programs for the year ended December 31, 2011. Street Works, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Street Works, Inc. management. My responsibility is to express an opinion on Street Works, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Street Works, Inc.'s compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Street Works, Inc.'s compliance with those requirements.

In my opinion, Street Works, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2011.

**Internal Control Over Compliance**

The management of Street Works, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Street Works, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of The Board of Directors, management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'David P. Guenther', is positioned above the printed name.

DAVID P. GUENTHER

August 9, 2012

**DAVID P. GUENTHER**  
CERTIFIED PUBLIC ACCOUNTANT  
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**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS**

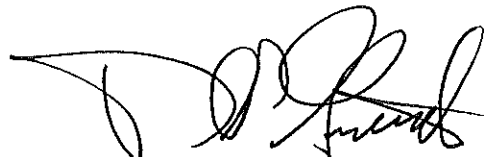
**To the Board of Directors of  
Street Works, Inc.  
Nashville, Tennessee**

I have audited the financial statements of Street Works, Inc., (a Tennessee Corporation – Not-For-Profit) for the year ended December 31, 2011 and have issued my report thereon dated August 9, 2012. These financial statements are the responsibility of the management of Street Works, Inc. 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 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 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 general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the financial statements of Street Works, Inc., taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information had been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 9, 2012



DAVID P. GUENTHER

**STREET WORKS, INC.**  
**( A TENNESSEE CORPORATION - NOT-FOR-PROFIT)**  
**SCHEDULE OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>CFDA NUMBER</b>	<b>PROGRAM</b>	<b>BALANCE, DEC. 31, 2010</b>	<b>CASH RECEIPTS</b>	<b>TRANSFERS IN</b>
	<b>FEDERAL</b>			
	<b>TYPE A PROGRAMS</b>			
93.914	Department of Health and Human Services	\$ <u>(98,601)</u>	\$ <u>333,500</u>	\$ <u>-</u>
	Total 93.914	\$ <u>(98,601)</u>	\$ <u>333,500</u>	\$ <u>-</u>
93.243	Department of Health and Human Services	\$ <u>-</u>	\$ <u>305,251</u>	\$ <u>-</u>
	Total 93.243	\$ <u>-</u>	\$ <u>305,251</u>	\$ <u>-</u>
	Total Type A Programs	\$ <u>(98,601)</u>	\$ <u>638,751</u>	\$ <u>-</u>
	<b>TYPE B PROGRAMS</b>			
14.241	Department of Housing & Urban Development	\$ <u>(4,619)</u>	\$ <u>55,210</u>	\$ <u>-</u>
	Total 14.241	\$ <u>(4,619)</u>	\$ <u>55,210</u>	\$ <u>-</u>
93.917	Department of Health and Human Services	\$ <u>(7,534)</u>	\$ <u>7,534</u>	\$ <u>-</u>
	Total 93.917	\$ <u>(7,534)</u>	\$ <u>7,534</u>	\$ <u>-</u>
93.940	Department of Health and Human Services	\$ <u>(22,455)</u>	\$ <u>81,099</u>	\$ <u>-</u>
	Total 93.940	\$ <u>(22,455)</u>	\$ <u>81,099</u>	\$ <u>-</u>
	Total Type B Programs	\$ <u>(34,608)</u>	\$ <u>143,843</u>	\$ <u>-</u>
	Total Federal Funds	\$ <u>(133,209)</u>	\$ <u>782,594</u>	\$ <u>-</u>
	Total Grant Funds	\$ <u>(133,209)</u>	\$ <u>782,594</u>	\$ <u>-</u>

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



<u>OTHER ADDITIONS</u>	<u>EXPENDITURES</u>	<u>PAID TO GRANTOR</u>	<u>TRANSFERS OUT</u>	<u>OTHER DEDUCTIONS</u>	<u>BALANCE DEC. 31, 2011</u>
\$ -	\$ 329,047	\$ -	\$ -	\$ -	\$ (94,148)
\$ -	\$ 329,047	\$ -	\$ -	\$ -	\$ (94,148)
\$ -	\$ 305,251	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 305,251	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 634,298	\$ -	\$ -	\$ -	\$ (94,148)
\$ -	\$ 58,400	\$ -	\$ -	\$ -	\$ (7,810)
\$ -	\$ 58,400	\$ -	\$ -	\$ -	\$ (7,810)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 74,364	\$ -	\$ -	\$ -	\$ (15,719)
\$ -	\$ 74,364	\$ -	\$ -	\$ -	\$ (15,719)
\$ -	\$ 132,764	\$ -	\$ -	\$ -	\$ (23,529)
\$ -	\$ 767,062	\$ -	\$ -	\$ -	\$ (117,677)
\$ -	\$ 767,062	\$ -	\$ -	\$ -	\$ (117,677)

**STREET WORKS, INC.**  
**(A TENNESSEE CORPORATION – NOT-FOR-PROFIT)**  
**NOTES TO SCHEDULE OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**(1) ACCOUNTING POLICIES:**

The books and records supporting the Schedule of Federal Awards are maintained on the accrual basis of accounting, whereby revenues are recorded as earned, and expenses are recorded as incurred.

**STREET WORKS, INC.**  
**(A TENNESSEE CORPORATION – NOT-FOR-PROFIT)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**1) Summary of the auditor's results:**

- i) Type of independent auditor's report issued – unqualified.**
- ii) Reportable conditions in internal control – none noted in the course of the audit.**
- iii) Evidence of material noncompliance – none noted in the course of the audit.**
- iv) Reportable conditions in internal control over major programs – none.**
- v) Type of report issued on compliance for major programs – unqualified.**
- vi) Audit findings which are required to be reported under OMB Circular A-133, Sect. 510(a) – none.**

**vii) Type A programs identified:**

<b>CFDA#</b>	<b>Grantor Agency</b>
<b>93.914</b>	<b>Department of Health and Human Services</b>
<b>93.243</b>	<b>Department of Health and Human Services</b>

**Dollar threshold used to distinguish between Type A and Type B programs:**  
**\$300,000.**

- viii) The auditee qualifies as a low-risk auditee under OMB Circular A-133, Sect. 530.**
- 2) Findings relating to the financial statement, which are required to be reported under Generally Accepted Governmental Auditing Standards – none.**
- 3) Findings and questioned costs for Federal awards including audit findings as defined under OMB Circular A-133, Sect. 510 – none.**