



**SHARE OUR STRENGTH, INC.  
AND SUBSIDIARY**

**Consolidated Financial Statements and Supplemental  
Information**

*For The Year Ended June 30, 2015*



**and  
Report Thereon**



**Reports Required in Accordance with Office of  
Management and Budget Circular A-133**

*For the Eighteen Months Ended June 30, 2015*



SHARE OUR STRENGTH, INC. AND SUBSIDIARY

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For the Year Ended June 30, 2015

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Share Our Strength, Inc. and Subsidiary

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Share Our Strength, Inc. and Subsidiary (Share Our Strength), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Share Our Strength as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating statements of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and they are not a required part of the consolidated financial statements. The supplemental consolidating schedule of functional expenses is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of Share Our Strength's internal control over financial reporting and on 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 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 Share Our Strength's internal control over financial reporting and compliance.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, D.C.  
December 4, 2015

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015**

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**ASSETS**

Cash and cash equivalents	\$ 2,807,454
Cash held by others	1,326,351
Accounts receivable, net	792,969
Grants and contributions receivable, net	11,896,770
Investments	874,556
Deferred income tax benefit	282,656
Prepaid expenses and other assets	1,678,635
Property and equipment, net	<u>2,833,729</u>

TOTAL ASSETS	<u><u>\$ 22,493,120</u></u>
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**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ 1,913,242
Accrued salaries and employee benefits	2,799,955
Grants payable	791,596
Deferred revenue	1,785,106
Capital lease obligation	26,916
Notes payable	26,375
Deferred rent and leasehold incentives	<u>4,477,347</u>

TOTAL LIABILITIES	<u>11,820,537</u>
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**Net Assets**

Unrestricted (deficit)	(598,168)
Temporarily restricted	<u>11,270,751</u>

TOTAL NET ASSETS	<u>10,672,583</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 22,493,120</u></u>
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**The accompanying notes are an integral part of these consolidated financial statements.**

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Corporate sponsorships, contributions and partners	\$ 18,876,235	\$ 12,427,634	\$ 31,303,869
In-kind contributions - public service announcements (PSAs) and advertising	21,066,340	-	21,066,340
In-kind contributions - other	830,077	-	830,077
Foundation grants and contributions	2,080,417	5,593,752	7,674,169
Event ticket sales	5,156,065	-	5,156,065
Individual contributions	4,541,793	102,646	4,644,439
Consulting revenue	2,832,136	-	2,832,136
Government grants	2,167,924	-	2,167,924
Auction revenue	1,600,828	-	1,600,828
Other	1,197,978	-	1,197,978
Bake sales	359,153	-	359,153
Interest income	4,586	-	4,586
Net assets released from restrictions:			
Satisfaction of purpose restrictions	10,426,040	(10,426,040)	-
Satisfaction of time restrictions	2,662,298	(2,662,298)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>73,801,870</b>	<b>5,035,694</b>	<b>78,837,564</b>
<b>EXPENSES</b>			
Program Services:			
Anti-Hunger, Anti-Poverty Initiatives, including in-kind PSAs and advertising of \$11,249,397	41,119,463	-	41,119,463
Community Wealth Partners	3,576,124	-	3,576,124
Total Program Services	44,695,587	-	44,695,587
Supporting Services:			
Management and general	3,597,488	-	3,597,488
Fundraising:			
New York City Wine and Food Festival, including in-kind PSAs and advertising of \$6,433,275	11,985,374	-	11,985,374
Other, including in-kind PSAs and advertising of \$3,383,668	12,053,777	-	12,053,777
Direct donor benefits	810,251	-	810,251
Total Supporting Services	28,446,890	-	28,446,890
<b>TOTAL EXPENSES</b>	<b>73,142,477</b>	<b>-</b>	<b>73,142,477</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS BEFORE OTHER ITEMS</b>	<b>659,393</b>	<b>5,035,694</b>	<b>5,695,087</b>
<b>OTHER ITEMS</b>			
Realized gain on sale of investments	224,556	-	224,556
Unrelated business income taxes - realized gain	(93,226)	-	(93,226)
<b>CHANGE IN NET ASSETS</b>	<b>790,723</b>	<b>5,035,694</b>	<b>5,826,417</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>(1,388,891)</b>	<b>6,235,057</b>	<b>4,846,166</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ (598,168)</b>	<b>\$ 11,270,751</b>	<b>\$ 10,672,583</b>

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

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2015**  
**Increase (Decrease) in Cash and Cash Equivalents**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 5,826,417
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	511,983
Loss on disposal of property and equipment	870
Provision for bad debt expense	(483)
Deferred tax provision	30,052
Realized gain on sale of investments	(224,556)
Changes in assets and liabilities:	
Accounts receivable	(225,098)
Grants and contributions receivable	(5,116,512)
Prepaid expenses and other assets	(560,043)
Accounts payable and accrued expenses	(19,241)
Accrued salaries and employee benefits	1,197,761
Grants payable	(638,390)
Deferred revenue	(319,751)
Deferred rent and leasehold incentives	265,964
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>728,973</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(31,763)
Proceeds from sale of investments	300,000
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>268,237</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Repayments on line of credit	(2,857,828)
Borrowing from line of credit	2,525,360
Principal repayments on notes payable	(33,261)
Principal repayments on capital lease obligation	(9,308)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(375,037)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	622,173
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,511,632</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 4,133,805</u></u>
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	\$ 2,807,454
Cash held by others	1,326,351
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 4,133,805</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>	
Cash payments for interest	<u>\$ 3,123</u>
Cash payments for income taxes	<u>\$ 4,470</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>	
Equipment purchased under a capital lease	\$ (28,000)
Obligation incurred under a capital lease	28,000
<b>NET CASH OUTLAY</b>	<u><u>\$ -</u></u>

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

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

Share Our Strength, Inc. is one of the nation's leading anti-hunger organizations. The No Kid Hungry campaign connects kids in need with nutritious food and teaches their families how to cook healthy, affordable meals. The campaign also engages the public to make ending childhood hunger a national priority. To support these efforts, Share Our Strength, Inc. raises funds in multiple ways, from mobilizing volunteer-led special events across the country to developing cause-related marketing campaigns and securing corporate sponsorships.

Community Wealth Partners, Inc. (CWP), a wholly-owned for-profit subsidiary of Share Our Strength, Inc., was incorporated on March 31, 1997, in the state of Delaware. CWP partners with organizations to solve problems at the magnitude in which they exist.

**Principles of Consolidation**

The consolidated financial statements include the accounts of Share Our Strength, Inc. and CWP (collectively referred to as Share Our Strength). All intercompany transactions and balances were eliminated.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements are prepared using the accrual basis of accounting.

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with initial maturities of three months or less.

**Cash Held by Others**

Cash held by others represents cash held by IMG Tickets, a division of International Players Championships, Inc. (IMGT), a full service ticket sales center, on Share Our Strength's behalf. IMGT has no rights to this cash. IMGT provides its ticketing and related services to Share Our Strength's New York City Wine and Food Festival (NYCWFF). IMGT receives and holds the proceeds from ticket sales for the event and then remits settlement payments on a regular, twice-monthly schedule to Share Our Strength following a determination of any deductions for processing fees.

**Accounts Receivable and Grants and Contributions Receivable**

The face amount of accounts receivable and grants and contributions receivable is reduced by an allowance for doubtful accounts. The allowance for doubtful accounts reflects the best estimate of probable losses, determined principally on the basis of historical experience and allowances for specifically identified delinquent accounts. All accounts, or portions thereof, that are deemed uncollectible, or that require an excessive collection cost, are written off to the allowance for doubtful accounts.

Continued



**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Investments**

Investments consist of shares of common stock in privately-held corporations donated to Share Our Strength that are reported at carrying value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-325, *Not-for-Profit Entities, Investments-Other*. Share Our Strength performs an impairment analysis of its investments if factors are observed that may indicate that a decrease in the value of the investment has occurred that is other than temporary, and if necessary, records an impairment loss to the carrying value of the investment.

**Property and Equipment and Related Depreciation and Amortization**

Property and equipment are recorded at cost. Depreciation of furniture, fixtures, equipment and software is provided for on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 7 years. Leasehold improvements are amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and any gain or loss is reflected in income or expense in the accompanying consolidated statement of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

**Grants Payable**

Share Our Strength generally awards grants on an annual basis. Grants are expensed in the year in which the unconditional commitment to give is made to the grantee, in accordance with the grant term. Any amounts promised but unpaid as of June 30, 2015 are included in grants payable in the accompanying consolidated statement of financial position. All grants payable are due within one year.

**Net Assets**

The net assets of Share Our Strength are classified as follows:

- Unrestricted net assets represent funds that are available for support of Share Our Strength's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

**Support and Revenue Recognition**

Grants, contributions and sponsorships are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. Conditional promises to give are not included as support until such time as the conditions are substantially met. When a donor restriction expires (that is, when a stipulated

## SHARE OUR STRENGTH, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended June 30, 2015

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Support and Revenue Recognition (continued)**

time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Grants and contracts treated as exchange transactions are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on these grants and contracts for which billings have not been presented to or collected from the awarding agency is included in grants and contributions receivable in the accompanying consolidated statement of financial position. Amounts received in advance are recorded as deferred revenue in the accompanying consolidated statement of financial position.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned. Accordingly, event ticket sales collected in advance from customers are recorded as deferred revenue and recognized as revenue when the event occurs. Consulting fees are recognized based on a percentage of consultants' time incurred under the contract to the contract fee. Revenue recognized on contracts for which payments have not been received is reflected as accounts receivable in the accompanying consolidated statement of financial position. Contract payments received in advance, but not yet earned, are recorded as deferred revenue in the accompanying consolidated statement of financial position.

##### **Donated Goods and Services**

In-kind contributions are recognized as both revenue and support and expenses in the accompanying consolidated statement of activities at the estimated fair value as provided by the donor at the date of donation. In-kind contributions are predominantly public service announcements (PSAs), other media spots, and print and web advertising.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, costs have been allocated based upon the functions they directly support and benefit or upon management's estimates of the proportion of these costs applicable to each function.

Share Our Strength is a co-beneficiary along with the Food Bank For New York City, of the net proceeds raised by the New York City Wine and Food Festival (NYCWFF). NYCWFF is an annual four-day event held in October that is directed by Southern Wine & Spirits. Share Our Strength includes the NYCWFF financial results in these consolidated financial statements. Since a significant portion of NYCWFF's activities are fundraising, the NYCWFF's fundraising expenses are being separately reported to more accurately reflect Share Our Strength's functional expense allocation and business model.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Measure of Operations**

Share Our Strength includes in its definition of operations all revenue, support and expenses that are an integral part of its programs and supporting activities, as presented in the accompanying consolidated statement of activities. Realized and unrealized gains and losses on its investments, and any associated income taxes, are considered non-operating activities.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Accounts Receivable

Accounts receivable were composed of the following as of June 30, 2015:

Consulting fees		\$ 289,866
Culinary events		212,553
Other		<u>338,450</u>
Total Accounts Receivable		840,869
Less: Allowance for Doubtful Accounts		<u>(47,900)</u>
Accounts Receivable, Net		<u>\$ 792,969</u>

3. Grants and Contributions Receivable

Grants and contributions receivable were due as follows as of June 30, 2015:

Amounts due in:		
Less than one year		\$ 8,582,999
One to five years		<u>3,352,500</u>
Total Grants and Contributions Receivable		11,935,499
Less: Unamortized Discount		<u>(38,729)</u>
Grants and Contributions Receivable, Net		<u>\$ 11,896,770</u>

All grants and contributions receivable are considered fully collectible as of June 30, 2015.

Certain future grant and contribution payments, which have been promised to Share Our Strength under the terms of its grants and sponsorship agreements, are conditional due to the ability of the donor to terminate the contract at its discretion at a future date. These conditional payments, totaling \$3,981,226 as of June 30, 2015, are not included in grants and contributions receivable due to the condition.

Continued

## SHARE OUR STRENGTH, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended June 30, 2015

#### 4. Investments

Investments as of June 30, 2015 consisted of shares of common stock in privately-held corporations reported at carrying value. The stock was originally donated to Share Our Strength in 2013 and recorded at the fair value as of the date of the donation. Share Our Strength is required to receive approval from other shareholders prior to selling their shares in its investments. Share Our Strength sold a portion of its investment holdings during the fiscal year for \$300,000, resulting in a pre-tax gain of \$224,556. The carrying value of the investments sold was \$75,444. As a result of the sale, the carrying value of investments as of June 30, 2015 is \$874,556. No impairment losses existed as of June 30, 2015.

#### 5. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of June 30, 2015:

Leasehold improvements	\$ 2,660,561
Furniture, fixtures and equipment	990,642
Computer software	342,213
Website	<u>36,500</u>
Total Property and Equipment	4,029,916
Less: Accumulated Depreciation and Amortization	<u>(1,196,187)</u>
Net Property and Equipment	<u>\$ 2,833,729</u>

Depreciation and amortization expense totaled \$511,983 for the year ended June 30, 2015.

#### 6. Notes Payable

In May 2011, CWP entered into two loan agreements with private foundations that are affiliated with CWP's board members. Each loan consists of a \$50,000 note payable that bears interest at 1% per annum and is payable on a quarterly basis in twelve equal installments of principal and accrued interest, commencing May 31, 2013 and ending on February 29, 2016. The scheduled future principal payments of \$26,375 under the notes payable are due during the year ending June 30, 2016.

#### 7. Commitments

##### **Office Leases**

In March 2013, Share Our Strength entered into a twelve-year noncancelable operating lease agreement for its office space in Washington, DC. The lease for the 11<sup>th</sup> floor space commenced on November 1, 2013, and extends through October 31, 2025. Base monthly rent for the 11<sup>th</sup> floor space is \$117,296 and is subject to annual increases of 2.5%.

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SHARE OUR STRENGTH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015

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7. Commitments (continued)

**Office Leases (continued)**

The lease for the 10<sup>th</sup> floor space commenced on November 1, 2014, and extends through October 31, 2025. Base monthly rent for the 10<sup>th</sup> floor space is \$32,873 and is subject to annual increases of 2.5%. Share Our Strength is required to pay its proportionate share of any increases in real estate taxes and operating expenses of the building. As an incentive to enter into the lease, Share Our Strength received a 10-month rent abatement on the 11<sup>th</sup> floor space, as well as a 10-month rent abatement on the 10<sup>th</sup> floor space, and a tenant improvement allowance of \$2,969,118, of which \$2,890,070 was spent towards the acquisition of leasehold improvements and furniture, fixtures and equipment. In lieu of a security deposit, Share Our Strength delivered an irrevocable, unconditional letter of credit to the landlord in the amount of \$150,169. The restricted cash balance pledged under the terms of the letter of credit is included in cash and cash equivalents in the consolidated statement of financial position.

Share Our Strength entered into a sublease agreement for the entire 10<sup>th</sup> floor space. The sublease agreement for the 10<sup>th</sup> floor space commenced on November 1, 2014. The agreement is for two years with an option for a third year that can be cancelled with nine months advance notice by either party. Base monthly rent under this agreement is \$22,012 and is subject to annual increases of 4% per annum. The subtenant was also granted a two-month rent abatement.

Share Our Strength also has noncancelable operating lease agreements for office space in Denver, Colorado; New York, New York; and Boston, Massachusetts. These leases are for varying terms through October 2019. The Denver lease also included a tenant improvement allowance of \$94,075, which was spent towards the acquisition of leasehold improvements.

On May 6, 2011, CWP entered into a ten-year and eight-month noncancelable operating lease agreement for its office space in Washington, DC. The lease commenced on October 1, 2011, and extends through May 31, 2022. The monthly base rent is subject to annual escalations of 2.5%. CWP is also obligated to pay its proportionate share of the real estate taxes and excess operating costs. As an incentive to enter into the lease, CWP received a tenant improvement allowance of \$255,375, of which \$237,941 was spent toward the construction of tenant improvements, with the balance being applied against future rental payments due to the landlord.

Under GAAP, all fixed rent increases and lease incentives, including any rental abatements and tenant improvement allowances, are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as a deferred rent and leasehold incentive liability in the accompanying consolidated statement of financial position.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015**

7. Commitments (continued)

**Office Leases (continued)**

Total future minimum lease payments under these operating leases net of expected sublease income are as follows:

For the Year Ending June 30,	Rent Payments	Sublease Income	Net
2016	\$ 2,270,126	\$ (271,189)	\$ 1,998,937
2017	2,374,953	(91,570)	2,283,383
2018	2,436,601	-	2,436,601
2019	2,476,455	-	2,476,455
2020	2,392,436	-	2,392,436
Thereafter	12,574,956	-	12,574,956
Total	\$24,525,527	\$ (362,759)	\$24,162,768

Total rent expense for the year ended June 30, 2015 was \$2,129,000.

**Lines of Credit**

On December 19, 2014, Share Our Strength renewed its line of credit with a financial institution for a principal amount of up to \$5,000,000. The line is secured by Share Our Strength's personal property and expires in December 2015. Share Our Strength is required to make monthly interest payments on any outstanding balance. Amounts drawn on this line accrue interest at the bank's prime rate plus 0.75%, but not less than 4.00%, and are payable on demand. The interest rate on the line of credit as of June 30, 2015 was 4.00%. As of June 30, 2015, Share Our Strength had no outstanding balance under the line of credit agreement.

CWP had an unsecured line of credit with a financial institution for a maximum amount of \$100,000. This line of credit automatically renewed on an annual basis and was closed during the year ended June 30, 2015. There was no borrowing from this line of credit during the year ended June 30, 2015.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets result from gifts of cash or other assets with donor imposed restrictions. Temporarily restricted net assets are released from restrictions when amounts are expended for the purpose specified or upon expiration of time restrictions. Net assets are restricted for the following purposes as of June 30, 2015:

No Kid Hungry	\$ 1,599,781
Cooking Matters	602,036
Other purposes	392,959
Total Purpose Restricted	2,594,776
Time Restricted	8,675,975
Total Temporarily Restricted Net Assets	\$11,270,751

Continued

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

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9. Risks and Contingencies

**Concentration of Credit Risk**

Share Our Strength maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances may exceed at times the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of June 30, 2015, the balance exceeded the maximum limit insured by the FDIC by approximately \$3,467,000. Share Our Strength monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

10. Donated Support

During the year ended June 30, 2015, Share Our Strength recognized support from in-kind goods and services as follows:

Public service announcements and advertising	\$ 21,066,340
Legal and professional services	279,016
Travel and other	<u>551,061</u>
Total	<u>\$ 21,896,417</u>

Televised and digital public service announcements (PSAs) have been donated to Share Our Strength, primarily from the Food Network, to educate the general public about childhood hunger and to encourage the public to participate in Share Our Strength's No Kid Hungry program. PSAs are valued based on the number of times the announcements are played and the period in which the announcements are aired at the network's equivalent rate charged to paying customers. The associated PSA expense is recorded in either program service or fundraising expenses in the accompanying consolidated statement of activities based on the purpose and content of the PSA.

Print, radio, web and television advertising has been donated primarily to publicize Share Our Strength's No Kid Hungry program and campaign events and the NYCWFF. The donated advertising is valued based on advertising rates in a similar manner as the PSAs and is recorded as either program or fundraising expense in the accompanying consolidated statement of activities based on the purpose and content of the advertising.

Donated legal and professional services are included in program service expenses and management and general expenses in the accompanying consolidated statement of activities.

Travel and other donated items include travel stipends and food and beverage donated for use at Taste of the Nation, No Kid Hungry Dinners and the NYCWFF events. These costs are included in program service expenses, fundraising expenses and direct donor benefit expenses in the accompanying consolidated statement of activities.

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2015

11. Pension Plan

Share Our Strength sponsors a defined contribution pension plan covering substantially all full-time employees. Employees may elect to defer and contribute to the plan a portion of their compensation in amounts up to the maximum permitted by law. After one year of service, Share Our Strength and CWP matches elective deferrals up to 3% of compensation. Total pension expense for the year ended June 30, 2015 was \$266,526.

12. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, Share Our Strength is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. Share Our Strength's 2015 unrelated business income was derived from its investments, including a \$224,556 realized gain, which resulted in an unrelated business income tax expense totaling \$93,226 for the year ended June 30, 2015.

CWP is subject to federal and state income taxes and files separate federal and applicable state income tax returns. The provision for income tax expense resulting from net operating income consists of the following for the year ended June 30, 2015:

Current federal income tax provision	\$ -
Current state income tax provision	<u>4,470</u>
Total Current Income Tax Provision	4,470
Deferred income tax expense	<u>30,052</u>
Total Income Tax Expense, Net	<u>\$ 34,522</u>

Under the asset and liability method of accounting for income taxes, deferred tax assets and liabilities are recognized for the future tax consequences attributable to the difference between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, operating loss and tax credit carry forwards. The net deferred tax asset consisted of the following as of June 30, 2015:

Deferred tax assets:	
Cumulative net operating losses	\$ 366,898
Deferred tax liabilities:	
Accelerated depreciation	<u>(84,242)</u>
Deferred Tax Asset, Net	<u>\$ 282,656</u>

CWP's cumulative net operating losses totaled approximately \$1,039,000 as of June 30, 2015, and expire in fiscal years 2027 through 2031. CWP's management has determined that CWP's future operations will be able to generate sufficient taxable income to realize the full amount of the deferred tax asset. Therefore, no valuation allowance has been recorded for the deferred tax asset as of June 30, 2015.

Continued



## SHARE OUR STRENGTH, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended June 30, 2015

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#### 12. Income Taxes (continued)

In accordance with FASB ASC Topic 740, *Income Taxes*, Share Our Strength has evaluated its income tax positions for the year ended June 30, 2015, and has determined that it has no material uncertain tax positions. Accordingly, Share Our Strength has not recognized any liability for unrecognized income tax. The statute of limitations for tax years 2012 through 2014 remains open in the major U.S. taxing jurisdictions in which Share Our Strength is subject to taxation. It is Share Our Strength's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2015, Share Our Strength had no accrual for interest and/or penalties.

#### 13. Allocation of Joint Costs

In applying the accounting standards related to joint costs of informational materials and activities that include a fundraising appeal, Share Our Strength identified activities as program, management and general, and fundraising in the following categories:

- a. Education and awareness about hunger and food insecurity
- b. Volunteer recruitment, mobilization and management

Taste of the Nation, No Kid Hungry Dinners, Chefs Cycle, the NYCWFF and the like are platforms or vehicles used to accomplish one or more of the programs defined above. As such, the activities performed for each platform may be program-specific, fundraising, management and general, or joint (i.e., a combination of fundraising and program).

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, joint costs of \$7,633,466 relating to Taste of the Nation, No Kid Hungry Dinners, Chefs Cycle and the NYCWFF, for the year ended June 30, 2015, that included a fundraising appeal have been allocated among the programs and supporting services benefited. Of these costs, \$2,022,518 was allocated to program services and \$5,610,948 was allocated to fundraising.

#### 14. Subsequent Events

In preparing these consolidated financial statements, Share Our Strength has evaluated events and transactions for potential recognition or disclosure as of December 4, 2015, the date the consolidated financial statements were available to be issued.

Share Our Strength sold another portion of its investment holdings in August 2015 for \$3,894,180, resulting in a pre-tax gain of \$3,457,116. The carrying value of the investment sold was \$437,064. As a result of the sale, the carrying value of investments as of December 4, 2015 is \$437,492.

There were no other subsequent events that require recognition or disclosure in the consolidated financial statements.

**SUPPLEMENTAL INFORMATION**

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015**

	Share Our Strength, Inc.	Community Wealth Partners, Inc. (CWP)	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	1,732,788	\$ 1,074,666	\$ -	\$ 2,807,454
Cash held by others	1,326,351	-	-	1,326,351
Accounts receivable, net	541,556	354,859	(103,446)	792,969
Grants and contributions receivable, net	11,896,770	-	-	11,896,770
Investments	874,556	-	-	874,556
Investment in CWP	1,036,159	-	(1,036,159)	-
Deferred income tax benefit	-	282,656	-	282,656
Prepaid expenses and other assets	1,664,771	46,880	(33,016)	1,678,635
Property and equipment, net	2,602,723	231,006	-	2,833,729
<b>TOTAL ASSETS</b>	<b>\$ 21,675,674</b>	<b>\$ 1,990,067</b>	<b>\$ (1,172,621)</b>	<b>\$ 22,493,120</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 1,969,717	\$ 46,971	\$ (103,446)	\$ 1,913,242
Accrued salaries and employee benefits	2,548,607	251,348	-	2,799,955
Grants payable	791,596	-	-	791,596
Deferred revenue	1,579,009	239,113	(33,016)	1,785,106
Capital lease obligation	-	26,916	-	26,916
Notes payable	-	26,375	-	26,375
Deferred rent and leasehold incentives	4,114,162	363,185	-	4,477,347
<b>TOTAL LIABILITIES</b>	<b>11,003,091</b>	<b>953,908</b>	<b>(136,462)</b>	<b>11,820,537</b>
<b>Net Assets</b>				
Unrestricted	(598,168)	-	-	(598,168)
Temporarily restricted	11,270,751	-	-	11,270,751
<b>TOTAL NET ASSETS</b>	<b>10,672,583</b>	<b>-</b>	<b>-</b>	<b>10,672,583</b>
<b>STOCKHOLDER'S EQUITY</b>				
Common stock; \$0.01 par value; 10,000 shares authorized; 100 shares issued and outstanding	-	1	(1)	-
Additional paid-in-capital	-	1,671,343	(1,671,343)	-
Retained deficit	-	(635,185)	635,185	-
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>-</b>	<b>1,036,159</b>	<b>(1,036,159)</b>	<b>-</b>
<b>TOTAL NET ASSETS</b>	<b>10,672,583</b>	<b>1,036,159</b>	<b>(1,036,159)</b>	<b>10,672,583</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 21,675,674</b>	<b>\$ 1,990,067</b>	<b>\$ (1,172,621)</b>	<b>\$ 22,493,120</b>

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2015

	Share Our Strength			Community Wealth Partners, Inc.		Consolidated
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Eliminations	
<b>REVENUE AND SUPPORT</b>						
Corporate sponsorships, contributions and partners	\$ 18,876,235	\$ 12,427,634	\$ 31,303,869	\$ -	\$ -	\$ 31,303,869
In-kind contributions - public service announcements (PSAs) and advertising	21,066,340	-	21,066,340	-	-	21,066,340
In-kind contributions - other	830,077	-	830,077	-	-	830,077
Foundation grants and contributions	2,080,417	5,593,752	7,674,169	-	-	7,674,169
Event ticket sales	5,156,065	-	5,156,065	-	-	5,156,065
Individual contributions	4,541,793	102,646	4,644,439	-	-	4,644,439
Consulting revenue	-	-	-	3,632,833	(800,697)	2,832,136
Government grants	2,167,924	-	2,167,924	-	-	2,167,924
Auction revenue	1,600,828	-	1,600,828	-	-	1,600,828
Other	1,203,978	-	1,203,978	-	(6,000)	1,197,978
Bake sales	359,153	-	359,153	-	-	359,153
Interest income	4,580	-	4,580	6	-	4,586
Net assets released from restrictions:						
Satisfaction of purpose restrictions	10,426,040	(10,426,040)	-	-	-	-
Satisfaction of time restrictions	2,662,298	(2,662,298)	-	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>70,975,728</b>	<b>5,035,694</b>	<b>76,011,422</b>	<b>3,632,839</b>	<b>(806,697)</b>	<b>78,837,564</b>
<b>EXPENSES</b>						
Program Services:						
Anti-Hunger, Anti-Poverty Initiatives, including in-kind PSAs and advertising of \$11,249,397	41,920,160	-	41,920,160	-	(800,697)	41,119,463
Community Wealth Partners	-	-	-	3,582,124	(6,000)	3,576,124
Total Program Services	<b>41,920,160</b>	<b>-</b>	<b>41,920,160</b>	<b>3,582,124</b>	<b>(806,697)</b>	<b>44,695,587</b>
Supporting Services:						
Management and general	3,597,488	-	3,597,488	-	-	3,597,488
Fundraising:						
New York City Wine and Food Festival, including in-kind PSAs and advertising of \$6,433,275	11,985,374	-	11,985,374	-	-	11,985,374
Other, including in-kind PSAs and advertising of \$3,383,668	12,053,777	-	12,053,777	-	-	12,053,777
Direct donor benefits	810,251	-	810,251	-	-	810,251
Total Supporting Services	<b>28,446,890</b>	<b>-</b>	<b>28,446,890</b>	<b>-</b>	<b>-</b>	<b>28,446,890</b>
<b>TOTAL EXPENSES</b>	<b>70,367,050</b>	<b>-</b>	<b>70,367,050</b>	<b>3,582,124</b>	<b>(806,697)</b>	<b>73,142,477</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS BEFORE OTHER ITEMS</b>	<b>608,678</b>	<b>5,035,694</b>	<b>5,644,372</b>	<b>50,715</b>	<b>-</b>	<b>5,695,087</b>
<b>OTHER ITEMS</b>						
Equity in earnings of subsidiary	50,715	-	50,715	-	(50,715)	-
Realized gain on sale of investments	224,556	-	224,556	-	-	224,556
Unrelated business income taxes - realized gain	(93,226)	-	(93,226)	-	-	(93,226)
<b>CHANGE IN NET ASSETS</b>	<b>790,723</b>	<b>5,035,694</b>	<b>5,826,417</b>	<b>50,715</b>	<b>(50,715)</b>	<b>5,826,417</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>(1,388,891)</b>	<b>6,235,057</b>	<b>4,846,166</b>	<b>985,444</b>	<b>(985,444)</b>	<b>4,846,166</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ (598,168)</b>	<b>\$ 11,270,751</b>	<b>\$ 10,672,583</b>	<b>\$ 1,036,159</b>	<b>\$ (1,036,159)</b>	<b>\$ 10,672,583</b>

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2015**

	Program Services			Supporting Services					Total
	Anti-Hunger, Anti-Poverty Initiatives	Community Wealth Partners	Total Program Services	Management and General	Fundraising		Direct Donor Benefits	Eliminations	
					NYCWFF	Other			
In-kind public service announcements and advertising	\$ 11,249,397	\$ -	\$ 11,249,397	\$ -	\$ 6,433,275	\$ 3,383,668	\$ -	\$ -	\$ 21,066,340
Salaries, benefits and payroll taxes	10,607,898	2,709,882	13,317,780	2,244,503	481,945	4,614,831	-	(6,000)	20,653,059
Meetings and events	4,275,518	22,936	4,298,454	87,261	3,934,534	1,396,855	810,251	-	10,527,355
Grants	6,958,428	-	6,958,428	-	-	-	-	-	6,958,428
Consulting and professional services	3,814,144	217,776	4,031,920	509,759	917	581,605	-	(800,697)	4,323,504
Office and telecommunications	1,612,195	135,655	1,747,850	36,732	118,905	385,380	-	-	2,288,867
Rent	1,122,529	234,107	1,356,636	197,274	150,074	425,016	-	-	2,129,000
Printing, design and production	812,864	11,429	824,293	56,378	450,018	415,265	-	-	1,745,954
Travel	721,742	88,293	810,035	108,395	12,246	290,135	-	-	1,220,811
Fees and licenses	3,706	17,232	20,938	204,667	387,134	236,343	-	-	849,082
Equipment maintenance	392,158	2,451	394,609	55,833	9,792	165,086	-	-	625,320
Depreciation and amortization	287,555	62,684	350,239	50,199	-	111,545	-	-	511,983
Postage	60,880	1,255	62,135	19,477	6,534	47,497	-	-	135,643
Taxes, marketing and miscellaneous	-	77,241	77,241	-	-	-	-	-	77,241
Bad debt expense	-	-	-	26,767	-	-	-	-	26,767
Interest expense	1,146	1,183	2,329	243	-	551	-	-	3,123
<b>TOTAL EXPENSES</b>	<b>\$ 41,920,160</b>	<b>\$ 3,582,124</b>	<b>\$ 45,502,284</b>	<b>\$ 3,597,488</b>	<b>\$ 11,985,374</b>	<b>\$ 12,053,777</b>	<b>\$ 810,251</b>	<b>\$ (806,697)</b>	<b>\$ 73,142,477</b>



Certified Public Accountants

**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Share Our Strength, Inc. and Subsidiary

**Report on the Consolidated Financial Statements**

We have audited, in accordance with the 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 consolidated financial statements of Share Our Strength, Inc. and Subsidiary (Share Our Strength), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 4, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Share Our Strength'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Share Our Strength's internal control. Accordingly, we do not express an opinion on the effectiveness of Share Our Strength'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.

Continued

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Share Our Strength's consolidated 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 consolidated financial statement 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 Share Our Strength's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Share Our Strength's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
December 4, 2015



*Certified Public Accountants*

**REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Share Our Strength, Inc. and Subsidiary

**Report on Compliance for Each Major Federal Program**

We have audited Share Our Strength, Inc. and Subsidiary's (Share Our Strength) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Share Our Strength's major federal programs for the eighteen months ended June 30, 2015. Share Our Strength's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Share Our Strength's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we 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 Share Our Strength's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Share Our Strength's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Share Our Strength complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the eighteen months ended June 30, 2015.



## Report on Internal Control Over Compliance

Management of Share Our Strength is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Share Our Strength's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Share Our Strength's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
December 4, 2015

**SHARE OUR STRENGTH, INC AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Eighteen Months Ended June 30, 2015**

<u>Agency or Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Pass-through Grant Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Pass-Through from Colorado Department of Human Services:</i>			
SNAP-Ed	14-IHA-61118	10.561	\$ 673,850
SNAP-Ed	15-IHA-75055	10.561	659,062
SNAP Outreach	FASS1400002	10.561	17,224
<i>Pass-Through from Massachusetts Department of Transitional Assistance:</i>			
SNAP-Ed	CT WEL 44003064 SOS CM 01	10.561	283,698
SNAP-Ed	CT WEL 44003064 SOS CM 01	10.561	230,833
<i>Pass-Through from Maryland State Department of Human Resources:</i>			
SNAP Outreach	FIA/FSO-14-019	10.561	<u>211,816</u>
Total U.S. Department of Agriculture			<u>2,076,483</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
AmeriCorps National Fixed Amount Grant	13EDHDC001	94.006	279,458
AmeriCorps National Direct Grant	10NDHDC002	94.006	<u>27,014</u>
Total AmeriCorps National Grants			306,472
Social Innovation Fund	14SIHDC002	94.019	<u>291,241</u>
Total Corporation for National and Community Service			<u>597,713</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 2,674,196</u></b>

See accompanying notes to this schedule.

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Eighteen Months Ended June 30, 2015

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1. Summary of Significant Accounting Policies

**Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred.

2. Reconciliation of Federal Revenue and Expenses

Expenditures per the schedule of expenditures of federal awards	\$ 2,674,196
Plus: non-federal government grants	344,496
Less: Expenditures from January 1, 2014 through June 30, 2014 reflected on the Schedule of Expenditures of Federal Awards for the eighteen months ended June 30, 2015	<u>(850,768)</u>
Government Grants per the Consolidated Statement of Activities	<u>\$ 2,167,924</u>

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Eighteen Months Ended June 30, 2015**

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**A. SUMMARY OF AUDITOR'S RESULTS**

**Consolidated Financial Statements**

Type of auditor's report issued:   X   Unmodified        Qualified  
       Adverse        Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None Reported

Noncompliance material to consolidated financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs:   X   Unmodified        Qualified  
       Adverse        Disclaimer

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?        Yes   X   No

Identification of Major Programs:

CFDA/Grant Number	Program Title
10.561	SNAP-Ed/SNAP Outreach
94.006	Americorps National Grant

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

Auditee qualified as a low-risk auditee?   X   Yes        No

**B. FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT**

None required to be reported.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None required to be reported.