SHARE OUR STRENGTH, INC.
AND SUBSIDIARY

Consolidated Financial Statements
and Supplemental Information

For the Year Ended June 30, 2017
(With Summarized Financial Information for the Year Ended June 30, 2016)

and
Report Thereon

Reports Required in Accordance with
the Uniform Guidance

For the Year Ended June 30, 2017

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

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For the Year Ended June 30, 2017

Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2017, 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, Inc. and Subsidiary as of June 30, 2017, 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.

Continued

Other Matters

Report on Summarized Comparative Information

We have previously audited Share Our Strength's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and functional expenses of the individual entities, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 8, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Share Our Strength's 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, DC
December 8, 2017

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2017
(With Summarized Financial Information as of June 30, 2016)

	2017	2016
ASSETS		
Cash and cash equivalents	$ 10,443,363	$ 10,890,190
Cash held by others	285,343	758,168
Accounts receivable, net	1,176,024	1,027,515
Grants and contributions receivable, net	12,194,439	10,714,063
Prepaid expenses and other assets	1,786,287	1,496,439
Investments	4,062,704	-
Deferred tax asset	291,861	285,755
Property and equipment, net	2,448,901	2,487,841
TOTAL ASSETS	$ 32,688,922	$ 27,659,971
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 2,505,173	$ 2,049,027
Accrued salaries and employee benefits	1,780,323	1,787,679
Funds held for others	105,000	-
Grants payable	780,644	1,014,269
Deferred revenue	891,816	1,024,418
Capital lease obligation	17,388	22,337
Deferred rent and leasehold incentives	3,939,883	4,272,092
TOTAL LIABILITIES	10,020,227	10,169,822
Net Assets		
Unrestricted		
Undesignated	2,867,309	2,944,280
Board-designated	1,499,472	-
Total Unrestricted	4,366,781	2,944,280
Temporarily restricted	18,301,914	14,545,869
TOTAL NET ASSETS	22,668,695	17,490,149
TOTAL LIABILITIES AND NET ASSETS	$ 32,688,922	$ 27,659,971

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, 2017
(With Summarized Financial Information for the Year Ended June 30, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
REVENUE AND SUPPORT				
In-kind contributions:				
Public service announcements (PSAs) and advertising	$ 50,787,289	$ -	$ 50,787,289	$ 89,094,633
Other goods and services	1,222,996	-	1,222,996	3,224,395
Corporate sponsorships, contributions and partners	18,070,567	9,601,793	27,672,360	26,818,212
Foundation grants and contributions	3,236,963	10,817,010	14,053,973	11,057,269
Individual contributions	7,612,045	1,435,762	9,047,807	5,650,435
Event ticket sales	4,777,359	-	4,777,359	4,764,941
Government grants	3,825,120	-	3,825,120	3,856,311
Consulting revenue	3,642,095	-	3,642,095	2,980,604
Auction revenue	1,635,088	-	1,635,088	1,834,614
Other revenue	666,623	-	666,623	653,612
Bake sales	390,164	-	390,164	410,878
Investment income	87,721	-	87,721	4,314
Realized gain on sale of investments appropriated for operations	-	-	-	1,241,000
Net assets released from restrictions:				
Satisfaction of purpose restrictions	12,764,274	(12,764,274)	-	-
Satisfaction of time restrictions	5,334,246	(5,334,246)	-	-
TOTAL REVENUE AND SUPPORT	114,052,550	3,756,045	117,808,595	151,591,218
EXPENSES				
Program Services:				
Anti-Hunger, Anti-Poverty Initiatives, including in-kind PSAs and advertising of $35,136,601	71,210,353	-	71,210,353	109,111,728
Community Wealth Partners, Inc.	3,980,057	-	3,980,057	3,412,529
Total Program Services	75,190,410	-	75,190,410	112,524,257
Supporting Services:				
Management and general	4,323,446	-	4,323,446	3,614,921
Fundraising:				
New York City Wine and Food Festival, including in-kind PSAs and advertising of $7,646,911	13,083,205	-	13,083,205	12,678,546
Other, including in-kind PSAs and advertising of $8,003,777	18,480,683	-	18,480,683	17,098,348
Direct donor benefits	1,741,727	-	1,741,727	1,409,246
Total Supporting Services	37,629,061	-	37,629,061	34,801,061
TOTAL EXPENSES	112,819,471	-	112,819,471	147,325,318
Change in net assets from operations before other items	1,233,079	3,756,045	4,989,124	4,265,900
OTHER ITEMS				
Realized gain on sale of investments	-	-	-	5,416,482
Realized gain on sale of investments appropriated for operations	-	-	-	(1,241,000)
Unrelated business income tax refund (expense)	189,422	-	189,422	(1,623,816)
CHANGE IN NET ASSETS	1,422,501	3,756,045	5,178,546	6,817,566
NET ASSETS, BEGINNING OF YEAR	2,944,280	14,545,869	17,490,149	10,672,583
NET ASSETS, END OF YEAR	$ 4,366,781	$ 18,301,914	$ 22,668,695	$ 17,490,149

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, 2017
(With Summarized Financial Information for the Year Ended June 30, 2016)
Increase (Decrease) in Cash and Cash Equivalents

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,178,546	$ 6,817,566
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	470,158	466,261
Provision for bad debt expense	(24,500)	(15,900)
Deferred tax asset	(6,106)	(3,099)
Unrealized gain on investments	(54,955)	-
Realized gain on sale of investments	(1,758)	(5,416,482)
Changes in assets and liabilities:		
Accounts receivable	(124,009)	(218,646)
Grants and contributions receivable	(1,480,376)	1,182,707
Prepaid expenses and other assets	(289,848)	182,196
Accounts payable and accrued expenses	456,146	135,785
Accrued salaries and employee benefits	(7,356)	(1,012,276)
Funds held for others	105,000	-
Grants payable	(233,625)	222,673
Deferred revenue	(132,602)	(760,688)
Deferred rent and leasehold incentives	(332,209)	(205,255)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,522,506	1,374,842
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(431,218)	(120,373)
Purchases of investments	(4,020,560)	-
Proceeds from sale of investments, net of underwriting fees	14,569	6,291,038
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(4,437,209)	6,170,665
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on notes payable	-	(26,375)
Principal repayments on capital lease obligation	(4,949)	(4,579)
NET CASH USED IN FINANCING ACTIVITIES	(4,949)	(30,954)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(919,652)	7,514,553
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,648,358	4,133,805
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 10,728,706	$ 11,648,358
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	$ 10,443,363	$ 10,890,190
Cash held by others	285,343	758,168
Total Cash and Cash Equivalents	$ 10,728,706	$ 11,648,358
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash payments for interest	$ 1,723	$ 2,470
Cash payments for income taxes	$ 3,654	$ 1,628,169

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

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 at 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 and cash equivalents held for investing purposes are considered investments.

Cash Held by Others

Cash held by others represents cash held by SquadUP, a full service ticket sales center, on Share Our Strength's behalf. SquadUp has no rights to this cash. SquadUp provides its ticketing and related services to Share Our Strength's New York City Wine and Food Festival (NYCWFF). SquadUp 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 determination of any deductions for processing fees.

Accounts Receivable and Grants and Contributions Receivable

Grants and contributions receivable that are expected to be collected within one year are recorded at net realizable value. Grants and contributions receivable that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The face amount of accounts receivable and grants and contributions receivable is also reduced by an allowance for doubtful accounts. The allowance for doubtful accounts reflects

Continued

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

Accounts Receivable and Grants and Contributions Receivable (continued)

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.

Investments

Investments consist of cash and cash equivalents held for investment purposes, exchange traded funds and mutual funds. Investments are recorded in the accompanying consolidated financial statements at their fair value, as based upon quoted market prices, as of June 30, 2017. Fair value is the price that would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date. Purchases and sales are reflected on a trade date basis. Interest, dividends and realized gains or losses are recorded when earned. Changes in the fair value of the portfolio are recorded as unrealized gains or losses. Donated investments are recorded as contributions based on their fair market value at the date of donation.

Fair Value of Financial Instruments

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, Share Our Strength has categorized its applicable assets and liabilities measured at fair value into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Share Our Strength has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

As of and for the year ended June 30, 2017, only Share Our Strength's investments as described in Note 4 to these consolidated financial statements, were measured at fair value on a recurring basis.

Continued

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

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 three to seven 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, 2017, 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, including amounts designated by the Board of Directors. These Board-designated funds are set aside as a reserve to allow Share Our Strength to fulfill its mission by supporting operations in the event of a future economic downturn. Release and use of Board-designated funds must be approved by the Finance Committee of the Board of Directors in response to a formal request submitted by management.
- 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 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

Continued

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

Support and Revenue Recognition (continued)

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 their 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, 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. Given that a significant portion of NYCWFF's activities are fundraising, NYCWFF's fundraising expenses are being separately reported to more accurately reflect Share Our Strength's functional expense allocation and business model.

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. As the reported unrelated business income tax refund relates to a one-time realized gain that was not considered to be an operating activity, the unrelated business tax refund is considered to be a non-operating activity as well.

Continued

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

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, 2017:

Consulting fees	$ 563,263
Culinary events	561,709
Other	58,552
Total Accounts Receivable	1,183,524
Less: Allowance for Doubtful Accounts	(7,500)
Accounts Receivable, Net	$ 1,176,024

3. Grants and Contributions Receivable

Grants and contributions receivable were due as follows as of June 30, 2017:

Amounts due in:	
Less than one year	$ 9,576,192
One to five years	2,672,400
Total Grants and Contributions Receivable	12,248,592
Less: Unamortized Discount	(54,153)
Grants and Contributions Receivable, Net	$ 12,194,439

All grants and contributions receivable were considered fully collectible as of June 30, 2017.

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 on the ability of the donor to terminate the contract at its discretion at a future date. These conditional payments, totaling $2,355,027 as of June 30, 2017, are not included in grants and contributions receivable due to the conditions.

4. Investments

Share Our Strength's investments as of June 30, 2017, are summarized as follows:

Mutual funds	$ 3,261,319
Cash and cash equivalents	505,871
Exchange traded funds	295,514
Total Investments	$ 4,062,704

Continued

4. Investments (continued)

Investment earnings are summarized as follows for the year ended June 30, 2017:

Interest and dividends	$ 43,563
Realized gains	1,758
Unrealized gains	54,955
Investment expenses	(12,555)
Investment Income, Net	$ 87,721

Share Our Strength's investments, as classified in the fair value hierarchy, were as follows as of June 30, 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange-traded funds	$ 295,514	$ 295,514	$ -	$ -
Mutual funds:				
Fixed income	2,265,315	2,265,315	-	-
Equities	996,004	996,004	-	-
Total Investments Measured in Fair Value Hierarchy	3,556,833	$ 3,556,833	$ -	$ -
Cash and cash equivalents	505,871			
Total Investments	$ 4,062,704			

Share Our Strength used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

Exchange-traded funds and mutual funds – Value is based on quoted prices in active markets.

5. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consists of the following as of June 30, 2017:

Leasehold improvements	$ 2,660,560
Furniture, fixtures and equipment	1,098,368
Computer software	786,079
Website	36,500
Total Property and Equipment	4,581,507
Less: Accumulated Depreciation and Amortization	(2,132,606)
Property and Equipment, Net	$ 2,448,901

5. Property and Equipment and Accumulated Depreciation and Amortization (continued)

Depreciation and amortization expense totaled $470,158 for the year ended June 30, 2017.

6. Commitments

Office Leases

In March 2013, Share Our Strength entered into a 12-year noncancelable operating lease agreement for its office space in Washington, DC. The lease for the 11th-floor space commenced on November 1, 2013, and extends through October 31, 2025. Base monthly rent for the 11th-floor space is $117,296, and is subject to annual increases of 2.5% per annum. The lease for the 10th-floor space commenced on November 1, 2014, and extends through October 31, 2025. Base monthly rent for the 10th-floor space is $32,873 and is subject to annual increases of 2.5% per annum. 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 period on the 11th-floor space, as well as a 10-month rent abatement on the 10th-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 during the year ended December 31, 2013. 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 10th-floor space. The three-year sublease agreement for the 10th-floor space commenced on November 1, 2014. The sublease agreement was renewed in March 2017 and expires on October 31, 2019. Base monthly rent under this agreement is $23,808 through end of the lease term. The subtenant was also granted a two-month rent abatement under the initial agreement.

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 2021. On October 17, 2017, Share Our Strength terminated its office lease in New York, New York. 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 10-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.

Continued

6. Commitments (continued)

Office Leases (continued)

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 lease incentive liability in the accompanying statement of financial position.

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
2018	$ 2,455,483	$ (285,699)	$ 2,169,784
2019	2,442,302	(285,699)	2,156,603
2020	2,414,197	(95,233)	2,318,964
2021	2,472,547	-	2,472,547
2022	2,460,705	-	2,460,705
Thereafter	7,689,155	-	7,689,155
Total	$ 19,934,389	$ (666,631)	$ 19,267,758

Total rent expense for the year ended June 30, 2017 was $2,506,167.

Lines of Credit

On February 2, 2017, 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 on February 25, 2018. 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, but not less than 4%, and are payable on demand. The interest rate on the line of credit as of June 30, 2017, was 4%. There was no borrowing from this line of credit during the year ended June 30, 2017, and no amounts were outstanding as of June 30, 2017.

In March 2016, CWP opened an unsecured line of credit with its financial institution that has a $250,000 credit limit. This line of credit was renewed in March 2017 and is set to expire on March 17, 2018. The line of credit bears an interest rate equal to the financial institution's prime rate, plus 0.69%. The interest rate was 4.94% as of June 30, 2017. There were no borrowings from this line of credit during the year ended June 30, 2017, and no amount was outstanding as of June 30, 2017.

Continued

7. 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 were restricted for the following purposes as of June 30, 2017:

No Kid Hungry	$ 10,161,011
Cooking Matters	1,248,613
Other purposes	803,099
Total Purpose Restricted	12,212,723
Time Restricted	6,089,191
Total Temporarily Restricted Net Assets	$ 18,301,914

8. Risks and Contingencies

Concentration of Credit

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, 2017, the balance exceeded the FDIC maximum insured limit by approximately $10,485,000. Share Our Strength monitors the credit worthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

Office of Management and Budget Uniform Guidance

Share Our Strength has instructed its independent auditors to audit its applicable federal programs for the year ended June 30, 2017, in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), issued by the U.S. Office of Management and Budget (OMB). Until such audit is reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal agencies of the independent auditor's reports for the year ended June 30, 2017, will not have a material effect on Share Our Strength's financial position as of June 30, 2017, or its results of operations for the year then ended.

Continued

9. Donated Support

During the year ended June 30, 2017, Share Our Strength recognized support from in-kind goods and services as follows:

No Kid Hungry/NYCWFF – PSAs' and advertising	$ 50,787,289
Legal and professional services	147,746
Food and product	825,250
Travel and other	250,000
Total	$ 52,010,285

Televised and digital PSAs have been donated to Share Our Strength, primarily from the Food Network and Connect360 MultiMedia, 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 have been donated primarily to publicize Share Our Strength's No Kid Hungry program, 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 services 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 management and general expenses in the accompanying consolidated statement of activities.

Travel and other donated items include travel stipends and food and beverages 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.

10. 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 matches elective deferrals up to 3% of compensation. Total pension expense for the year ended June 30, 2017 was $353,439.

Continued

11. Income Taxes

Share Our Strength is exempt from the payment of taxes under Section 501(c)(3) of the Internal Revenue Code on income other than net unrelated business income. No provision for income taxes is required for the year ended June 30, 2017, as Share Our Strength had no net unrelated business income.

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 (loss) consists of the following for the year ended June 30, 2017:

Current federal income tax provision	$ -
Current state income tax provision	3,654
Total Current Income Tax Provision	3,654
Deferred Income Tax Expense	(6,106)
Income Tax Expense, Net	$ (2,452)

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, 2017:

Deferred tax assets:	
Cumulative net operating losses	$ 366,898
Deferred tax liabilities:	
Accelerated depreciation	(75,037)
Deferred Tax Asset, Net	$ 291,861

CWP's cumulative net operating losses totaled approximately $1,039,000 as of June 30, 2017, and expire in fiscal years 2028 through 2032. 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, 2017.

Share Our Strength has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Share Our Strength evaluated its uncertainty in income taxes for the year ended June 30, 2017, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2017, the

Continued

11. Income Taxes (continued)

statute of limitations for tax years 2013 through 2015 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Share Our Strength files tax returns. It is Share Our Strength's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

12. 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 $8,281,814 relating to Taste of the Nation, No Kid Hungry Dinners, Chefs Cycle and the NYCWFF, for the year ended June 30, 2017, that included a fundraising appeal have been allocated among the programs and supporting services benefited. Of these costs, $2,353,066 was allocated to program services and $5,928,748 was allocated to fundraising.

13. Subsequent Events

In preparing these consolidated financial statements, Share Our Strength has evaluated events and transactions for potential recognition or disclosure as of December 8, 2017, the date the consolidated financial statements were available to be issued. Except as noted in Note 6 related to an office lease termination, 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, 2017

	Share Our Strength, Inc.	Community Wealth Partners, Inc.	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	$ 9,696,401	$ 746,962	$ -	$ 10,443,363
Cash held by others	285,343	-	-	285,343
Accounts receivable, net	653,602	555,763	(33,341)	1,176,024
Grants and contributions receivable, net	12,194,439	-	-	12,194,439
Prepaid expenses and other assets	1,749,293	50,758	(13,764)	1,786,287
Investments	4,062,704	-		4,062,704
Investment in CWP	1,007,770	-	(1,007,770)	-
Deferred tax asset	-	291,861	-	291,861
Property and equipment, net	2,207,953	240,948	-	2,448,901
TOTAL ASSETS	$ 31,857,505	$ 1,886,292	$ (1,054,875)	$ 32,688,922
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 2,183,835	$ 354,679	$ (33,341)	$ 2,505,173
Accrued salaries and employee benefits	1,780,323	-	-	1,780,323
Funds held for others	-	105,000	-	105,000
Grants payable	780,644	-	-	780,644
Deferred revenue	802,408	103,172	(13,764)	891,816
Capital lease obligation	-	17,388	-	17,388
Deferred rent and leasehold incentives	3,641,600	298,283	-	3,939,883
TOTAL LIABILITIES	9,188,810	878,522	(47,105)	10,020,227
Net Assets				
Unrestricted				
Undesignated	2,867,309	-	-	2,867,309
Board-designated	1,499,472	-	-	1,499,472
Total Unrestricted	4,366,781	-	-	4,366,781
Temporarily restricted	18,301,914	-	-	18,301,914
TOTAL NET ASSETS	22,668,695	-	-	22,668,695
Stockholder's Equity				
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	-	(663,574)	663,574	-
TOTAL STOCKHOLDER'S EQUITY	-	1,007,770	(1,007,770)	-
TOTAL NET ASSETS	22,668,695	1,007,770	(1,007,770)	22,668,695
TOTAL LIABILITIES AND NET ASSETS	$ 31,857,505	$ 1,886,292	$ (1,054,875)	$ 32,688,922

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	Share Our Strength			Community Wealth Partners, Inc.		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Eliminations	Consolidated
REVENUE AND SUPPORT						
In-kind contributions:						
Public service announcements (PSAs) and advertising	$ 50,787,289	$ -	$ 50,787,289	$ -	$ -	$ 50,787,289
Other goods and services	1,222,996	-	1,222,996	-	-	1,222,996
Corporate sponsorships, contributions and partners	18,070,567	9,601,793	27,672,360	-	-	27,672,360
Foundation grants and contributions	3,236,963	10,817,010	14,053,973	-	-	14,053,973
Individual contributions	7,612,045	1,435,762	9,047,807	-	-	9,047,807
Event ticket sales	4,777,359	-	4,777,359	-	-	4,777,359
Government grants	3,825,120	-	3,825,120	-	-	3,825,120
Consulting revenue	-	-	-	3,969,900	(327,805)	3,642,095
Auction revenue	1,635,088	-	1,635,088	-	-	1,635,088
Other revenue	672,623	-	672,623	-	(6,000)	666,623
Bake sales	390,164	-	390,164	-	-	390,164
Investment income	87,692	-	87,692	29	-	87,721
Net assets released from restrictions:						
Satisfaction of purpose restrictions	12,764,274	(12,764,274)	-	-	-	-
Satisfaction of time restrictions	5,334,246	(5,334,246)	-	-	-	-
TOTAL REVENUE AND SUPPORT	110,416,426	3,756,045	114,172,471	3,969,929	(333,805)	117,808,595
EXPENSES						
Program Services:						
Anti-Hunger, Anti-Poverty Initiatives, including in-kind PSAs and advertising of $35,136,601	71,538,158	-	71,538,158	-	(327,805)	71,210,353
Community Wealth Partners	-	-	-	3,986,057	(6,000)	3,980,057
Total Program Services	71,538,158	-	71,538,158	3,986,057	(333,805)	75,190,410
Supporting Services:						
Management and general	4,323,446	-	4,323,446	-	-	4,323,446
Fundraising:						
New York City Wine and Food Festival, including in-kind PSAs and advertising of $7,646,911	13,083,205	-	13,083,205	-	-	13,083,205
Other, including in-kind PSAs and advertising of $8,003,777	18,480,683	-	18,480,683	-	-	18,480,683
Direct donor benefits	1,741,727	-	1,741,727	-	-	1,741,727
Total Supporting Services	37,629,061	-	37,629,061	-	-	37,629,061
TOTAL EXPENSES	109,167,219	-	109,167,219	3,986,057	(333,805)	112,819,471
Change in net assets from operations before other items	1,249,207	3,756,045	5,005,252	(16,128)	-	4,989,124
OTHER ITEMS						
Equity in net loss of subsidiary	(16,128)	-	(16,128)	-	16,128	-
Unrelated business income tax refund	189,422	-	189,422	-	-	189,422
CHANGE IN NET ASSETS	1,422,501	3,756,045	5,178,546	(16,128)	16,128	5,178,546
NET ASSETS, BEGINNING OF YEAR	2,944,280	14,545,869	17,490,149	1,023,898	(1,023,898)	17,490,149
NET ASSETS, END OF YEAR	$ 4,366,781	$ 18,301,914	$ 22,668,695	$ 1,007,770	$ (1,007,770)	$ 22,668,695

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017

	Program Services			Supporting Services					
	Anti-Hunger, Anti-Poverty Initiatives	Community Wealth Partners	Total Program Services	Management and General	Fundraising NYCWFF	Fundraising Other	Direct Donor Benefits	Eliminations	Total
In-kind public service announcements and advertising	$ 35,136,601	$ -	$ 35,136,601	$ -	$ 7,646,911	$ 8,003,777	$ -	$ -	$ 50,787,289
Salaries, benefits and payroll taxes	13,377,733	2,892,422	16,270,155	2,372,458	489,440	5,188,745	-	(6,000)	24,314,798
Meetings and events	4,441,384	20,884	4,462,268	159,663	3,912,932	1,723,709	1,741,727	-	12,000,299
Grants	8,882,281	-	8,882,281	-	-	-	-	-	8,882,281
Consulting and professional services	4,088,055	474,660	4,562,715	490,050	-	1,215,467	-	(327,805)	5,940,427
Travel	976,050	95,606	1,071,656	75,965	349,038	471,432	-	-	1,968,091
Rent	1,429,166	242,849	1,672,015	216,497	146,445	471,210	-	-	2,506,167
Office and telecommunications	923,015	177,171	1,100,186	88,179	18,631	293,199	-	-	1,500,195
Printing, design and production	1,498,325	8,873	1,507,198	60,376	106,826	780,706	-	-	2,455,106
Fees and licenses	-	-	-	707,773	396,209	-	-	-	1,103,982
Equipment maintenance	343,325	1,761	345,086	44,520	9,606	95,177	-	-	494,389
Depreciation and amortization	291,136	44,085	335,221	44,873	-	90,064	-	-	470,158
Postage	150,997	672	151,669	34,209	7,167	147,197	-	-	340,242
Bad debt expense	-	-	-	28,883	-	-	-	-	28,883
Interest expense	90	1,633	1,723	-	-	-	-	-	1,723
Taxes, marketing and miscellaneous	-	25,441	25,441	-	-	-	-	-	25,441
TOTAL EXPENSES	$ 71,538,158	$ 3,986,057	$ 75,524,215	$ 4,323,446	$ 13,083,205	$ 18,480,683	$ 1,741,727	$ (333,805)	$ 112,819,471

Raffa

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

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, 2017, 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 8, 2017.

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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raffa P.C.

Raffa, P.C.

Washington, DC
December 8, 2017

Raffa

Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 Compliance Supplement* that could have a direct and material effect on each of Share Our Strength's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance 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 qualified and unmodified opinions on compliance for major federal programs. 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 each of its major federal programs for the year ended June 30, 2017.

Continued

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 the Uniform Guidance, 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Raffa P.C.

Raffa, P.C.

Washington, DC
December 8, 2017

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Corporation for National and Community Service				
Social Innovation Fund	94.019	N/A	$ 1,105,043	$ 1,431,141
AmeriCorps	94.006	N/A	-	242,436
Total Corporation for National and Community Service			1,105,043	1,673,577
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through from Massachusetts Department of Transitional Assistance:				
Supplemental Nutrition Assistance Program	10.561	CT WEL 44003064 SOSCM 001A	-	405,969
Pass-Through from Colorado Department of Human Services:				
Supplemental Nutrition Assistance Program	10.561	16-IHGA-83255	-	1,657,783
Total U.S. Department of Agriculture and CFDA 10.561			-	2,063,752
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,105,043	$ 3,737,329

See accompanying notes to this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

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.

Cost Principles

Federal expenditures were recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

2. Reconciliation of Schedule of Expenditures of Federal Awards to the Consolidated Financial Statements

Expenditures per schedule of federal awards	$ 3,737,329
Plus: Non-federal government grants	87,791
Government Grants Revenue Reported on the Consolidated Statement of Activities	$ 3,825,120

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

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

Type of auditor's report issued on compliance for major programs:	X	Unmodified	___	Qualified
	___	Adverse	___	Disclaimer
Internal control over major programs:				
• Material weakness(es) identified?	___	Yes	X	No
• Significant deficiency(ies) identified?	___	Yes	X	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?	___	Yes	X	No

Identification of major program(s):

CFDA Number	Program Title
10.561	Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

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.