SHARE OUR STRENGTH AND SUBSIDIARY

Consolidated Financial Statements and Supplementary Information

For the Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

and Report Thereon

Reports Required in Accordance with Uniform Guidance

For the Year Ended June 30, 2019

SHARE OUR STRENGTH AND SUBSIDIARY

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For the Year Ended June 30, 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Share Our Strength and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Share Our Strength and Subsidiary (Share Our Strength), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses 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.

Auditors' 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 auditors' 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.

Continued

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Share Our Strength and Subsidiary as of June 30, 2019, 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.

Other Matters

Report on Summarized Comparative Information

Share Our Strength's 2018 consolidated financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP, and whose report dated December 11, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information and 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*, are presented for purposes of additional analysis and are 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 12, 2019, 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.

Marcum LLP

Washington, DC
December 12, 2019

SHARE OUR STRENGTH AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2019
(With Summarized Financial Information as of June 30, 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	$ 12,112,425	$ 14,093,725
Cash held by others	539,940	554,721
Accounts receivable, net	858,544	1,019,126
Grants and contributions receivable, net	18,807,986	17,319,637
Prepaid expenses and other assets	2,481,340	2,393,746
Investments	19,196,187	5,424,210
Deferred tax asset	-	179,032
Property and equipment, net	2,298,419	2,097,082
TOTAL ASSETS	$ 56,294,841	$ 43,081,279
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 3,520,197	$ 2,916,876
Accrued salaries and employee benefits	3,053,893	2,380,089
Funds held for others	-	50,000
Grants payable	2,976,425	1,583,309
Deferred revenue	1,350,533	981,996
Capital lease obligation	6,253	12,037
Deferred rent and leasehold incentives	3,776,408	3,546,994
Notes payable	350,000	200,000
TOTAL LIABILITIES	15,033,709	11,671,301
Net Assets		
Without donor restrictions		
Undesignated	15,449,482	5,685,810
Board-designated	4,064,727	2,012,156
Total Without Donor Restrictions	19,514,209	7,697,966
With donor restrictions	21,746,923	23,712,012
TOTAL NET ASSETS	41,261,132	31,409,978
TOTAL LIABILITIES AND NET ASSETS	$ 56,294,841	$ 43,081,279

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

SHARE OUR STRENGTH AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
REVENUE AND SUPPORT				
In-kind contributions:				
Public service announcements (PSAs) and advertising	$ 56,422,776	$ -	$ 56,422,776	$ 37,507,380
Other goods and services	930,414	-	930,414	768,310
Corporate sponsorships, contributions and partners	26,649,018	10,172,221	36,821,239	34,238,506
Individual contributions	19,645,554	659,327	20,304,881	16,418,753
Foundation grants and contributions	3,523,816	8,296,364	11,820,180	9,490,587
Government grants	5,084,462	-	5,084,462	4,292,796
Event ticket sales	4,738,636	-	4,738,636	4,750,171
Consulting revenue	4,327,272	-	4,327,272	4,041,517
Auction revenue	2,260,335	-	2,260,335	1,979,148
Other revenue	657,757	-	657,757	654,092
Bake sales	215,935	-	215,935	319,279
Investment income, net	478,920	-	478,920	185,228
Net assets released from restrictions:				
Satisfaction of purpose restrictions	16,790,501	(16,790,501)	-	-
Satisfaction of time restrictions	4,302,500	(4,302,500)	-	-
TOTAL REVENUE AND SUPPORT	146,027,896	(1,965,089)	144,062,807	114,645,767
EXPENSES				
Program Services:				
Anti-hunger, anti-poverty initiatives, including in-kind PSAs and advertising of $38,423,896	84,313,731	-	84,313,731	66,978,356
Community Wealth Partners	5,515,159	-	5,515,159	4,466,800
Total Program Services	89,828,890	-	89,828,890	71,445,156
Supporting Services:				
Management and general	5,251,514	-	5,251,514	4,926,834
Fundraising:				
New York City Wine and Food Festival, including in-kind PSAs and advertising of $12,949,142	18,493,439	-	18,493,439	14,047,750
Other, including in-kind PSAs and advertising of $5,049,738	19,021,306	-	19,021,306	13,835,774
Direct donor benefits	1,616,504	-	1,616,504	1,648,970
Total Supporting Services	44,382,763	-	44,382,763	34,459,328
TOTAL EXPENSES	134,211,653	-	134,211,653	105,904,484
CHANGE IN NET ASSETS	11,816,243	(1,965,089)	9,851,154	8,741,283
NET ASSETS, BEGINNING OF YEAR	7,697,966	23,712,012	31,409,978	22,668,695
NET ASSETS, END OF YEAR	$ 19,514,209	$ 21,746,923	$ 41,261,132	$ 31,409,978

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

SHARE OUR STRENGTH AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	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	Total Supporting Services	2019 Total	2018 Total
In-kind public service announcements and advertising	$ 38,423,896	$ -	$ 38,423,896	$ -	$ 12,949,142	$ 5,049,738	$ -	$ 17,998,880	$ 56,422,776	$ 37,507,380
Salaries, benefits and payroll taxes	16,390,081	3,545,558	19,935,639	2,973,263	461,136	6,276,829	-	9,711,228	29,646,867	27,263,063
Meetings and events	4,963,209	26,592	4,989,801	133,226	3,985,047	2,154,949	1,616,504	7,889,726	12,879,527	12,422,978
Grants	12,122,373	-	12,122,373	-	-	-	-	-	12,122,373	10,924,850
Consulting and professional services	5,128,358	723,851	5,852,209	640,299	21,088	2,409,816	-	3,071,203	8,923,412	5,878,169
Printing, design and production	2,558,705	10,005	2,568,710	126,749	287,734	1,355,158	-	1,769,641	4,338,351	3,330,830
Rent	1,536,338	261,370	1,797,708	227,109	168,076	489,214	-	884,399	2,682,107	2,517,816
Travel	1,349,783	415,373	1,765,156	115,223	228,720	467,429	-	811,372	2,576,528	1,950,074
Office and telecommunications	885,446	205,952	1,091,398	152,998	28,919	376,589	-	558,506	1,649,904	1,344,788
Fees and licenses	-	-	-	718,887	329,909	-	-	1,048,796	1,048,796	884,306
Equipment maintenance	387,908	1,464	389,372	56,142	28,773	115,316	-	200,231	589,603	617,734
Postage	254,642	1,111	255,753	58,629	4,895	255,507	-	319,031	574,784	442,534
Depreciation and amortization	312,992	90,292	403,284	48,689	-	70,761	-	119,450	522,734	558,388
Taxes, interest and miscellaneous	-	233,591	233,591	300	-	-	-	300	233,891	261,574
TOTAL EXPENSES	$ 84,313,731	$ 5,515,159	$ 89,828,890	$ 5,251,514	$ 18,493,439	$ 19,021,306	$ 1,616,504	$ 44,382,763	$ 134,211,653	$ 105,904,484

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

SHARE OUR STRENGTH AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 9,851,154	$ 8,741,283
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	522,734	558,388
Change in discount on grants and contributions receivable	(99,582)	283,980
Provision for bad debt expense	(38,000)	38,000
Deferred tax provision	179,032	112,829
Unrealized loss (gain) on investments	(250,453)	73,536
Realized gain on sale of investments	(13,368)	(139,445)
Changes in assets and liabilities:		
Accounts receivable	198,582	(273,602)
Grants and contributions receivable	(1,388,767)	(5,016,678)
Prepaid expenses and other assets	(87,594)	(607,459)
Accounts payable and accrued expenses	603,321	411,703
Accrued salaries and employee benefits	673,804	599,766
Funds held for others	(50,000)	(55,000)
Grants payable	1,393,116	802,665
Deferred revenue	368,537	90,180
Deferred rent and leasehold incentives	(190,726)	(392,889)
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,671,790	5,227,257
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(303,931)	(206,569)
Purchases of investments	(17,330,313)	(3,262,666)
Proceeds from sale of investments	3,822,157	1,967,069
NET CASH USED IN INVESTING ACTIVITIES	(13,812,087)	(1,502,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	150,000	200,000
Principal repayments on capital lease obligation	(5,784)	(5,351)
NET CASH PROVIDED BY FINANCING ACTIVITIES	144,216	194,649
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,996,081)	3,919,740
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,648,446	10,728,706
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 12,652,365	$ 14,648,446
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	$ 12,112,425	$ 14,093,725
Cash held by others	539,940	554,721
Total Cash and Cash Equivalents	$ 12,652,365	$ 14,648,446
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash payments for interest	$ 753	$ 1,172
Cash payments for income taxes	$ 46,590	$ 3,621
NONCASH INVESTING AND FINANCING ACTIVITIES		
Leasehold improvements acquired with lease incentive	$ 420,140	$ -

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

1. Organization and Summary of Significant Accounting Policies

Organization

Share Our Strength is one of the nation's leading anti-hunger organizations. Through its No Kid Hungry campaign, Share Our Strength is working to end childhood hunger in the United States by connecting kids in need with nutritious food and teaching 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 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, was incorporated on March 31, 1997, in the state of Delaware. CWP partners with leaders, organizations and networks to solve problems at the magnitude they exist.

Principles of Consolidation

The consolidated financial statements include the accounts of Share Our Strength 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 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, treasury bills, mutual funds and exchange-traded funds. Investments are recorded in the accompanying consolidated financial statements at their fair value, as based upon quoted market prices, as of June 30, 2019. 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, 2019, 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, 2019, are included in grants payable in the accompanying consolidated statement of financial position. All grants payable are due within one year.

Classification of Net Assets

Share Our Strength's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of Share Our Strength at the discretion of Share Our Strength's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Board has designated $4,064,727 of net assets without donor restrictions to serve as an operating reserve to allow Share Our Strength to fulfill its mission by supporting operations in the event of a future economic downturn and secure Share Our Strength's long-term financial viability. 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.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of Share Our Strength or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of June 30, 2019, Share Our Strength had no net assets with donor restrictions that are required to be maintained in perpetuity.

Support and Revenue Recognition

Grants, contributions and sponsorships are considered to be without donor restrictions unless specifically restricted by the donor. Share Our Strength reports such gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the

Continued

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

Support and Revenue Recognition (continued)

use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional promises to give are not included as support until such time as the conditions are substantially met.

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 generally earned under two types of contracts, time-and-materials and fixed price. Revenue on time-and-materials contracts is recognized to the extent of billable rates times hours delivered plus material expense incurred. Revenue on fixed-price contracts is recognized on the percentage-of-completion method based on costs incurred in relation to total estimated costs. Cost and profit estimates are reviewed periodically as the work progresses, and adjustments, if needed, are reflected in the reporting period in which they are made. Anticipated losses are recognized as soon as they become known. Share Our Strength recognized no anticipated losses on uncompleted contracts in the accompanying consolidated statement of activities for the year end June 30, 2019 as any anticipated losses were determined to not be significant to the financial statements. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change within the near term. 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, and print and web advertising.

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

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 functional expenses. Expenses directly attributable to a specific functional area have been reported as an expense of that function. Salaries and benefits of employees assigned to federal grants are allocated based on time sheets. Salaries and benefits of other employees are allocated to programs and other activities throughout the year using an estimated percentage of the share of time each employee spends in each area. This percentage is reviewed quarterly to ensure that it stays current and reflects the actual time spent. Shared costs that benefit multiple functional categories, such as rent, office and telecommunications, depreciation and amortization and other administrative costs, have been allocated among the functional categories based on estimates determined by management to be equitable.

Share Our Strength is a co-beneficiary, along with the Food Bank for New York City, of the net proceeds raised by NYCWFF. NYCWFF is an annual four-day event held in October that is directed by Southern Wine & Spirits. Share Our Strength includes its share of 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.

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.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. Share Our Strength has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to the summarized comparative information presented for the year ended June 30, 2018.

2. Accounts Receivable

Accounts receivable were comprised of the following as of June 30, 2019:

Consulting fees	$ 463,621
Culinary events	376,953
Other	25,470
Total Accounts Receivable	866,044
Less: Allowance for Doubtful Accounts	(7,500)
Accounts Receivable, Net	$ 858,544

2. Accounts Receivable (continued)

Unbilled fees included in accounts receivable totaled $26,091 as of June 30, 2019.

3. Grants and Contributions Receivable

Grants and contributions receivable were due as follows as of June 30, 2019:

Amounts due in:	
Less than one year	$ 13,849,003
One to five years	5,197,534
Total Grants and Contributions Receivable	19,046,537
Less: Unamortized Discount	(238,551)
Grants and Contributions Receivable, Net	$ 18,807,986

Discount rates used for the year ended June 30, 2019, were between a range of 1.16% and 3.02%. All grants and contributions receivable were considered fully collectible as of June 30, 2019.

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 $648,526 as of June 30, 2019, are not included in grants and contributions receivable due to the conditions not yet being met.

4. Investments

Share Our Strength's investments as of June 30, 2019, are summarized as follows:

U.S. treasury bills	$ 10,038,667
Mutual funds	8,577,753
Exchange-traded funds	464,335
Cash and cash equivalents	115,432
Total Investments	$ 19,196,187

4. Investments (continued)

Share Our Strength's investments, as classified in the fair value hierarchy, were as follows as of June 30, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. treasury bills	$ 10,038,667	$ 10,038,667	$ -	$ -
Mutual funds	8,577,753	8,577,753	-	-
Exchange-traded funds	464,335	464,335	-	-
Total Investments Measured in Fair Value Hierarchy	19,080,755	$ 19,080,755	$ -	$ -
Cash and cash equivalents	115,432			
Total Investments	$ 19,196,187			

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

U.S. treasury bills, mutual funds and exchange-traded funds – Value is based on quoted prices in active markets.

5. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of June 30, 2019:

Leasehold improvements	$ 3,204,334
Furniture, fixtures and equipment	1,222,325
Computer software and website	1,012,836
Total Property and Equipment	5,439,495
Less: Accumulated Depreciation and Amortization	(3,141,076)
Property and Equipment, Net	$ 2,298,419

Depreciation and amortization expense totaled $522,734 for the year ended June 30, 2019.

6. Notes Payable

In October 2017, CWP entered into two loan agreements with private foundations that are affiliated with CWP's board members. Each loan consists of a $100,000 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 November 30, 2019, and ending on November 30, 2022.

In December 2017, CWP entered into a loan agreement with Share Our Strength for $200,000 that bears interest at 3% per annum and is payable on a quarterly basis in twelve equal installments of principal and accrued interest commencing December 30, 2019 and ending on December 30, 2022. This is an intercompany transaction that is eliminated on the consolidated financial statements.

On July 30, 2018, CWP entered into a note agreement with a private foundation that is affiliated with CWP's board members. The note is for $150,000 and bears interest at a rate of 2% per annum and is payable on a quarterly basis in twelve equal installments of principal and accrued interest, commencing July 15, 2020, and ending on April 15, 2023. The note is subject to certain financial covenants. As of June 30, 2019, CWP was not in compliance with certain financial covenants and has obtained a waiver from the private foundation.

The scheduled future principal payments under the notes payable were as follows at June 30, 2019:

For the Year Ending June 30,	
2020	$ 46,670
2021	117,722
2022	118,401
2023	67,207
Total Notes Payable	$ 350,000

7. Commitments

Office Leases

In March 2013, Share Our Strength entered into a 12-year noncancelable operating lease agreement for its office space in Washington, D.C. 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

7. Commitments (continued)

Office Leases (continued)

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. As of April 2019, this letter of credit is secured through a carve out on Share Our Strength's line of credit noted below.

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 subtenant was granted a two-month rent abatement under this agreement. The sublease agreement was renewed in March 2017 and again in November 2018 and now expires on October 31, 2021. Base monthly rent under the first renewal agreement is $23,808. Base monthly rent under the second renewal agreement is $24,760 and is subject to annual increases of 4% per annum through end of the lease term.

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 May 2021. The Denver lease also included a tenant improvement allowance of $94,075, which was spent toward 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, D.C. The lease commenced on October 1, 2011 and extends through May 31, 2022. The monthly base rent of $18,917 is subject to annual escalations of 2.5% in the years thereafter. 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.

On May 2, 2018, CWP signed an amendment to its existing lease agreement to lease additional office space adjacent to its existing Washington, D.C. office. The lease amendment took effect February 1, 2019 and extends the lease term for the expanded office space through May 2029. The amendment includes seven months of abated rent with monthly base rent of $28,590 and annual escalations of 2.5% in the years thereafter. As an incentive to enter into the amendment, CWP received a tenant improvement allowance of $421,040, which was used to improve the extension space.

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.

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
2020	$ 2,657,787	$ (293,318)	$ 2,364,469
2021	2,699,961	(305,051)	2,394,910
2022	2,552,024	(103,004)	2,449,020
2023	2,615,826	-	2,615,826
2024	2,681,263	-	2,681,263
Thereafter	5,209,243	-	5,209,243
Total	$ 18,416,104	$ (701,373)	$ 17,714,731

Total rent expense for the year ended June 30, 2019, was $2,682,107.

Lines of Credit

On April 8, 2019, 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 April 25, 2021. 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 minus 1%, but not less than 4%, and are payable on demand. The interest rate on the line of credit as of June 30, 2019, was 4.5%. There was no borrowing from this line of credit during the year ended June 30, 2019, and no amounts were outstanding as of June 30, 2019.

In March 2016, CWP opened an unsecured line of credit with its financial institution that has a $250,000 credit limit. In March 2018, the credit limit was increased to $500,000 and the note term was renewed though December 17, 2019. The line of credit bears an interest rate equal to the financial institution's prime rate plus 0.69%. The interest rate was 6.19% as of June 30, 2019. There were no borrowings from this line of credit during the year ended June 30, 2019, and no amount was outstanding as of June 30, 2019.

8. Net Assets With Donor Restrictions

As of June 30, 2019, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for specified purpose:

No Kid Hungry	$ 7,822,242
Cooking Matters	1,593,706
Other purposes	615,010
Total Subject to Expenditure for Specified Purpose	10,030,958

Continued

8. Net Assets With Donor Restrictions (continued)

Subject to occurrence of specified events/passage of time:

New York City Wine & Food Festival (Fall 2019/2020 Events)	$ 2,634,600
Passage of time	9,081,365
Total Subject to Occurrence of Specified Events/ Passage of time	11,715,965
Total Net Assets with Donor Restrictions	$ 21,746,923

9. 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, 2019, the balance exceeded the FDIC maximum insured limit by approximately $6,480,000. Share Our Strength monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

Compliance Audit

Share Our Strength has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time although Share Our Strength expects such amounts, if any, to be insignificant.

10. Availability and Liquidity

Share Our Strength regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. Share Our Strength's financial assets available within one year of the consolidated statement of financial position date for general expenditures at June 30, 2019 were as follows:

Cash and cash equivalents	$ 12,112,425
Cash held by others	539,940
Accounts receivable, net	858,544
Grants and contributions receivable, net	18,807,986
Investments	19,196,187
Total Financial Assets Available	51,515,082
Less:	
Amounts unavailable for general expenditures within one year due to donor's purpose restriction	(10,030,958)
Amounts unavailable for general expenditures within one year due to donor's time restriction	(4,963,983)
Amounts unavailable to management without Board approval: Board-designated funds	(4,064,727)
Financial Assets Available to Meet General Expenditures Within One Year	$ 32,455,414

Share Our Strength has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Share Our Strength throughout the year. This is done through monitoring and reviewing Share Our Strength's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of Share Our Strength's cash flow related to Share Our Strength's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs, including principal payments for the notes payable. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and treasury notes, or is used to support organizational initiatives. Share Our Strength can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. To help manage unanticipated liquidity needs, Share Our Strength has a committed line of credit of $5,000,000, of which the entire line was unused and available to draw upon as of June 30, 2019. Share Our Strength's line of credit is secured by Share Our Strength's personal property. Additionally, Share Our Strength has Board-designated net assets that could be available for current operations with Board approval, if necessary.

Continued

11. Donated Support

During the year ended June 30, 2019, Share Our Strength recognized support from in-kind goods and services as follows:

No Kid Hungry/NYCWFF – PSAs and advertising	$ 56,422,776
Food and beverage products	788,579
Legal and professional services	141,835
Total In-Kind Contributions	$ 57,353,190

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.

Food and beverage products are donated for use at Taste of the Nation, No Kid Hungry Dinners and the NYCWFF events. These costs are included in direct donor-benefit expenses in the accompanying consolidated statement of activities.

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

12. 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 8% of compensation. Total pension expense for the year ended June 30, 2019, was $827,825.

13. 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. Share Our Strength generates unrelated business income from qualified transportation benefits and incurred unrelated business income tax expense of approximately $38,000 for the year ended June 30, 2019.

Continued

13. Income Taxes (continued)

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, 2019:

Current federal income tax provision	$ -
Current state income tax provision	2,557
Total Current Income Tax Provision	2,557
Deferred Income Tax Expense	179,032
Income Tax Expense, Net	$ 181,589

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, 2019:

Deferred tax assets:	
Cumulative net operating losses	$ 470,708
Deferred tax liabilities:	
Accelerated depreciation	(145,733)
Subtotal	324,975
Allowance for deferred tax asset	(324,975)
Deferred Tax Asset, Net	$ -

CWP's cumulative net operating losses totaled approximately $2,241,000 as of June 30, 2019, and expire in fiscal years 2028 through 2039.

As of June 30, 2019, CWP's management made a determination that CWP's future operations may not be able to generate sufficient taxable income to realize its deferred tax asset prior to expiration of the underlying net operating losses. As a result, CWP recorded a $324,975 deferred tax asset allowance, which resulted in additional deferred tax expense being recognized for the same amount during the year ended June 30, 2019.

Share Our Strength performed an evaluation of uncertainty in tax positions for the year ended June 30, 2019, and determined that there are no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. There are currently no examinations pending or in progress, regarding Share Our Strength's tax returns.

Continued

14. 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, NYCWFF and mail and email communications 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, program, and management and general).

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying consolidated statement functional expenses. Accordingly, joint costs of $11,511,114 relating to Taste of the Nation, No Kid Hungry Dinners, Chefs Cycle, NYCWFF, and mail and email communications for the year ended June 30, 2019, that included a fundraising appeal have been allocated among the programs and supporting services benefited. Of these costs, $3,733,775 was allocated to program services, $107,730 was allocated to management and general, and $7,669,609 was allocated to fundraising.

15. Prior Year Summarized Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Share Our Strength's consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

16. Subsequent Events

In preparing these consolidated financial statements, Share Our Strength has evaluated events and transactions for potential recognition or disclosure as of December 12, 2019, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SHARE OUR STRENGTH AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2019

	Share Our Strength	Community Wealth Partners, Inc.	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	$ 11,333,667	$ 778,758	$ -	$ 12,112,425
Cash held by others	539,940	-	-	539,940
Accounts receivable, net	433,084	456,121	(30,661)	858,544
Grants and contributions receivable, net	18,807,986	-	-	18,807,986
Prepaid expenses and other assets	2,443,486	42,620	(4,766)	2,481,340
Note receivable	209,238	-	(209,238)	-
Investments	19,196,187	-	-	19,196,187
Investment in CWP	(30,535)	-	30,535	-
Property and equipment, net	1,563,230	735,189	-	2,298,419
TOTAL ASSETS	$ 54,496,283	$ 2,012,688	$ (214,130)	$ 56,294,841
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	$ 3,314,016	$ 246,080	$ (39,899)	$ 3,520,197
Accrued salaries and employee benefits	3,053,893	-	-	3,053,893
Funds held for others	-	-	-	-
Grants payable	2,976,425	-	-	2,976,425
Deferred revenue	906,485	448,814	(4,766)	1,350,533
Capital lease obligation	-	6,253	-	6,253
Deferred rent and leasehold incentives	2,984,332	792,076	-	3,776,408
Notes payable	-	550,000	(200,000)	350,000
TOTAL LIABILITIES	13,235,151	2,043,223	(244,665)	15,033,709
Net Assets				
Without donor restrictions				
Undesignated	15,449,482	-	-	15,449,482
Board-designated	4,064,727	-	-	4,064,727
Total without donor restrictions	19,514,209	-	-	19,514,209
With donor restrictions	21,746,923	-	-	21,746,923
TOTAL NET ASSETS	41,261,132	-	-	41,261,132
Stockholder's Equity (Deficit)				
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	-	(1,701,879)	1,701,879	-
TOTAL STOCKHOLDER'S EQUITY (DEFICIT)	-	(30,535)	30,535	-
TOTAL NET ASSETS	41,261,132	(30,535)	30,535	41,261,132
TOTAL LIABILITIES AND NET ASSETS	$ 54,496,283	$ 2,012,688	$ (214,130)	$ 56,294,841

See independent auditors' report.

SHARE OUR STRENGTH AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2019

	Share Our Strength			Community Wealth Partners, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Eliminations	Consolidated
REVENUE AND SUPPORT						
In-kind contributions:						
Public service announcements (PSAs) and advertising	$ 56,422,776	$ -	$ 56,422,776	$ -	$ -	$56,422,776
Other goods and services	930,414	-	930,414	-	-	930,414
Corporate sponsorships, contributions and partners	26,649,018	10,172,221	36,821,239	-	-	36,821,239
Individual contributions	19,645,554	659,327	20,304,881	-	-	20,304,881
Foundation grants and contributions	3,523,816	8,296,364	11,820,180	-	-	11,820,180
Government grants	5,084,462	-	5,084,462	-	-	5,084,462
Event ticket sales	4,738,636	-	4,738,636	-	-	4,738,636
Consulting revenue	-	-	-	4,673,192	(345,920)	4,327,272
Auction revenue	2,260,335	-	2,260,335	-	-	2,260,335
Other revenue	700,249	-	700,249	-	(42,492)	657,757
Bake sales	215,935	-	215,935	-	-	215,935
Investment income, net	488,084	-	488,084	74	(9,238)	478,920
Net assets released from restrictions:						
Satisfaction of purpose restrictions	16,790,501	(16,790,501)	-	-	-	-
Satisfaction of time restrictions	4,302,500	(4,302,500)	-	-	-	-
TOTAL REVENUE AND SUPPORT	141,752,280	(1,965,089)	139,787,191	4,673,266	(397,650)	144,062,807
EXPENSES						
Program Services:						
Anti-hunger, Anti-poverty initiatives, including in-kind PSAs and advertising of $38,423,896	84,659,651	-	84,659,651	-	(345,920)	84,313,731
Community Wealth Partners, Inc.	-	-	-	5,566,889	(51,730)	5,515,159
Total Program Services	84,659,651	-	84,659,651	5,566,889	(397,650)	89,828,890
Supporting Services:						
Management and general	5,251,514	-	5,251,514	-	-	5,251,514
Fundraising:						
New York City Wine and Food Festival, including in-kind PSAs and advertising of $12,949,142	18,493,439	-	18,493,439	-	-	18,493,439
Other, including in-kind PSAs and advertising of $5,049,738	19,021,306	-	19,021,306	-	-	19,021,306
Direct donor benefits	1,616,504	-	1,616,504	-	-	1,616,504
Total Supporting Services	44,382,763	-	44,382,763	-	-	44,382,763
TOTAL EXPENSES	129,042,414	-	129,042,414	5,566,889	(397,650)	134,211,653
Change in net assets from operations before other items	12,709,866	(1,965,089)	10,744,777	(893,623)	-	9,851,154
OTHER ITEMS						
Equity in net loss of subsidiary	(893,623)	-	(893,623)	-	893,623	-
CHANGE IN NET ASSETS	11,816,243	(1,965,089)	9,851,154	(893,623)	893,623	9,851,154
NET ASSETS, BEGINNING OF YEAR	7,697,966	23,712,012	31,409,978	863,088	(863,088)	31,409,978
NET ASSETS, END OF YEAR	$ 19,514,209	$ 21,746,923	$ 41,261,132	$ (30,535)	$ 30,535	$ 41,261,132

See independent auditors' report.

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Share Our Strength 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 and Subsidiary (Share Our Strength), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses 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 12, 2019.

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.

Marcum LLP

Washington, DC
December 12, 2019

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

To the Board of Directors of
Share Our Strength and Subsidiary

Report on Compliance for Each Major Federal Program

We have audited Share Our Strength 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 program for the year ended June 30, 2019. Share Our Strength's major federal program is identified in the summary of auditors' 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.

Auditors' 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* (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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Share Our Strength's compliance.

Continued

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, 2019.

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.

Marcum LLP

Washington, DC
December 12, 2019

SHARE OUR STRENGTH AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

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	$ 1,280,150	$ 2,520,445
AmeriCorps	94.006	N/A	-	189,606
Total Corporation for National and Community Service			1,280,150	2,710,051
U.S. DEPARTMENT OF AGRICULTURE				
Supplemental Nutrition Assistance Program Cluster				
Pass-Through from Massachusetts Department of Transitional Assistance:				
Supplemental Nutrition Assistance Program	10.561	CT WEL 44003064 SOSCM 001A	-	499,341
Pass-Through from Colorado Department of Human Services				
Supplemental Nutrition Assistance Program	10.561	18-IHGA-105949/ 19-IHGA-113655	-	1,875,070
Total Supplemental Nutrition Assistance Program Cluster			-	2,374,411
Total U.S. Department of Agriculture			-	2,374,411
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,280,150	$ 5,084,462

See accompanying notes to this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Share Our Strength under programs of the federal government for the year ended June 30, 2019. The information on the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of Share Our Strength, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Share Our Strength.

2. Basis of Accounting

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Share Our Strength has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

SHARE OUR STRENGTH AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

Type of auditors' report issued on whether financial statements audited were prepared in accordance with GAAP:	X	Unmodified	____	Qualified
	____	Adverse	____	Disclaimer
Internal control over financial reporting:				
• Material weakness identified?	____	Yes	X	No
• Significant deficiency identified?	____	Yes	X	None Reported
Noncompliance material to consolidated financial statements noted?	____	Yes	X	No

Federal Awards

Type of auditors' report issued on compliance for major federal programs:	X	Unmodified	____	Qualified
	____	Adverse	____	Disclaimer
Internal control over major federal programs:				
• Material weakness identified?	____	Yes	X	No
• Significant deficiency 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 Federal Program:

CFDA Number	Program Title
10.561	Supplemental Nutrition Assistance Program Cluster

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

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

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None required to be reported.

Continued

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None required to be reported.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

Financial Statement Audit Findings

None required to be reported.

Major Federal Award Programs Audit Findings and Questioned Costs

None required to be reported.