

STREETLIGHT MISSION, INC.

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2012

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STREETLIGHT MISSION, INC.

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Board of Trustees
StreetLight Mission, Inc.
Elizabeth, New Jersey

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of StreetLight Mission, Inc. (the Mission) which comprise the statement of financial position as of December 31, 2012, and the related statements of activity, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of StreetLight Mission, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Mission's 2011 financial statements, and our report dated September 18, 2012, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lambrides, Arnold, Moulthrop LLP

July 17, 2013

STREETLIGHT MISSION, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2011**

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and cash equivalents	\$ 80,145	\$ 121,119
Inventories	-	10,775
Prepaid expenses	2,079	9,308
Construction in progress	109,991	-
Furniture and equipment	33,759	44,242
Vehicles	10,074	14,776
Total assets	<u>\$ 236,048</u>	<u>\$ 200,220</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,080	\$ 9,964
Payroll tax liability	-	2,226
Total liabilities	<u>14,080</u>	<u>12,190</u>
Net assets:		
Unrestricted	111,968	188,030
Temporarily restricted	110,000	-
Total net assets	<u>221,968</u>	<u>188,030</u>
Total liabilities and net assets	<u>\$ 236,048</u>	<u>\$ 200,220</u>

See notes to the financial statements.

Exhibit A

STREETLIGHT MISSION, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>UNRESTRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>	
			<u>2012</u>	<u>2011</u>
Revenues, Gains, and Other Support:				
Contributions and offerings	\$ 306,564	\$ 130,000	\$ 436,564	\$ 377,697
Gifts-in-kind	327,355		327,355	217,148
Salvage materials contributed:				
Sale of clothing	1,608		1,608	1,660
Special events net of direct expense of \$8,059 and \$7,101, respectively	12,899		12,899	30,864
Investment income	165		165	415
Net assets released from restrictions	<u>20,000</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Total revenue, gains, and other support	<u>668,591</u>	<u>110,000</u>	<u>778,591</u>	<u>627,784</u>
Expenses:				
Program services:	<u>603,200</u>		<u>603,200</u>	<u>512,825</u>
Supporting services:				
Management and general	91,371		91,371	60,011
Promotion	<u>50,082</u>		<u>50,082</u>	<u>35,441</u>
Total supporting services	<u>141,453</u>		<u>141,453</u>	<u>95,452</u>
Total expenses	<u>744,653</u>	<u>-</u>	<u>744,653</u>	<u>608,277</u>
Change in Net Assets	(76,062)	110,000	33,938	19,507
Net Assets at Beginning of Year	<u>188,030</u>	<u>-</u>	<u>188,030</u>	<u>168,523</u>
Net Assets at End of Year	<u>\$ 111,968</u>	<u>\$ 110,000</u>	<u>\$ 221,968</u>	<u>\$ 188,030</u>

STREETLIGHT MISSION, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR DECEMBER 31, 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Change in net assets	33,938	\$ 19,507
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,897	13,964
(Increase) decrease in:		
Inventories	10,775	(7,275)
Prepaid expenses	7,229	(9,308)
Increase in accounts payable and accrued expenses	4,116	209
Decrease in payroll tax liability	<u>(2,226)</u>	<u>(27)</u>
Net cash provided by operating activities	<u>70,729</u>	<u>17,070</u>
Cash Flows from Investing Activities:		
Purchase of equipment	(1,712)	(34,361)
Expenditures for construction in progress	<u>(109,991)</u>	<u>-</u>
Net cash used by investing activities	<u>(111,703)</u>	<u>(34,361)</u>
Net Decrease in Cash and Cash Equivalents	(40,974)	(17,291)
Cash and Cash Equivalents at Beginning of Year	<u>121,119</u>	<u>138,410</u>
Cash and Cash Equivalents at End of Year	<u>\$ 80,145</u>	<u>\$ 121,119</u>
Supplemental Disclosure:		
Noncash investing transaction:		
Capitalization of donated services	<u>\$ 33,547</u>	

See notes to the financial statements.

Exhibit C

STREETLIGHT MISSION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR DECEMBER 31, 2011**

	SUPPORTING SERVICES			TOTAL	
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	PROMOTION	SUPPORTING SERVICES	TOTAL
	2012	2012	2012	2012	2011
Compensation	\$ 111,910	\$ 23,981	\$ 23,981	\$ 47,962	\$ 137,457
Payroll taxes and related expenses	21,337	4,572	4,572	9,144	30,052
Total salary and related expenses	133,247	28,553	28,553	57,106	167,509
Professional fees		11,241		11,241	5,640
Direct services to individuals and families	420,929			-	343,228
Small business	3,280			-	-
Publicity and promotion			12,360	12,360	2,531
General administration	5,268	5,268	5,268	10,535	10,080
Information technology	3,901	3,901	3,901	7,803	13,269
Occupancy	34,479			-	38,952
Travel	2,096			-	4,596
Conferences and meetings		8,384		8,384	6,704
Dues and fees		2,400		2,400	794
Insurance		14,727		14,727	1,010
Total expenses before depreciation	603,200	74,474	50,082	124,556	594,313
Depreciation	-	16,897	-	16,897	13,964
Total expenses	\$ 603,200	\$ 91,371	\$ 50,082	\$ 141,453	\$ 608,277

STREETLIGHT MISSION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

1. Organization:

StreetLight Mission, Inc. (the Mission) is a non-profit religious corporation exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Mission is a faith-based community outreach center located in Elizabeth, New Jersey, serving men, women, and children of Union County who struggle with poverty, mental illness, substance abuse, and, most of all, hopelessness.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(a) Accrual Basis Financial Statements

The Mission's financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

(b) Net Assets

The net assets of the Mission and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor imposed restrictions of a more specific nature than those which only obligate the Mission to utilize funds in furtherance of its mission.
- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the organization which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.
- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

(c) Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Continued

STREETLIGHT MISSION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

2. Summary of Significant Accounting Policies: (continued)

(d) *Fixed Assets and Depreciation*

Fixed Assets are stated at cost or, if donated, at the estimated fair value at the date of the gift. Depreciation is computed and recorded using the straight-line method over the estimated useful lives of the assets as follows:

Computer, video, and sound equipment	3-7 years
Furniture and equipment	3-10 years
Appliances	4-10 years
Vehicles	5 years

The Mission capitalizes an expense when the aggregate cost of the purchase related to its usage exceeds \$999 and its useful life is expected to be three years or more.

(e) *Cash and Cash Equivalents*

For the purpose of reporting cash flows, cash and cash equivalents includes cash on hand and in bank.

(f) *Inventories*

Inventories, consisting primarily of donated food, clothing and other items are stated at cost.

(g) *Gifts-In-Kind*

Donations of food, clothing, and other items are recorded at the fair value at the date of the gifts. Program expense is recorded to the extent that donated items are distributed to individuals and families during the year.

(h) *Functional Allocation of Expenses*

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

(i) *Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Continued

STREETLIGHT MISSION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

2. Summary of Significant Accounting Policies: (continued)

(j) *Prior Year Summarized Comparative Information*

The 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

(k) *Reclassifications*

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements.

3. Furniture and Equipment:

Equipment used in operations consisted of the following at December 31, 2012:

Furniture	\$ 26,695
Computer, video and sound equipment	26,109
Appliances	11,705
Automotive equipment	<u>23,511</u>
Total	88,020
Less-accumulated depreciation	<u>(44,187)</u>
Net equipment	<u>\$ 43,833</u>

Construction in progress totaling \$109,991 consists of preliminary costs associated with planned purchase of real estate in Elizabeth, New Jersey in the year ending December 31, 2013.

4. Donated Services:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Mission. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Contributed services received were used for the construction in progress located in Elizabeth, New Jersey, and totaled \$33,547.

Continued

STREETLIGHT MISSION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

5. Temporarily Restricted Net Assets:

Temporarily restricted net assets at December 31, 2012 consist of the following:

Purchase of equipment	\$ 10,000
Purchase of land and building in Elizabeth, New Jersey	<u>100,000</u>
	<u>\$ 110,000</u>

6. Net assets Released from Restrictions:

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors are as follows:

Mentoring program	\$ 10,000
Clothing services	5,000
Christmas party	<u>5,000</u>
	<u>\$ 20,000</u>

7. Cash Flow Information:

For the year ended December 31, 2012, no liability was incurred or paid for income taxes.

8. Taxes Due to Government Agencies:

At December 31, 2012, all taxes due to government agencies, including payroll taxes, were remitted to appropriate authorities.

9. Subsequent Events:

In preparing these financial statements, the Mission has evaluated events and transactions for potential recognition or disclosure through July 17, 2013, the date the financial statements were available to be issued.

The Mission expects to close on the purchase of real estate in April 2013. The purchase price of the land and building is \$340,000. The purchase will be made utilizing a gift from a church, which also includes funding for initial renovations to the property.

Concluded