

Smart Share Housing Solutions, Inc.

Financial Statements

December 31, 2018

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Kenneth J Filipponi
CERTIFIED PUBLIC ACCOUNTANT

Audit Report of Independent Accountant

To the Board of Directors
Smart Share Housing Solutions, Inc.

San Luis Obispo, California

I have audited the accompanying financial statements of Smart Share Housing Solutions, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

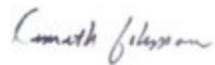
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit Report of Independent Accountant

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Smart Share Housing Solutions, Inc. as of December 31, 2018 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.



Kenneth J Filipponi
Certified Public Accountant

January 13, 2020

Smart Share Housing Solutions, Inc.

Statement of Financial Position

December 31, 2018

	Note	2018
Assets		
Current Assets		
Cash and cash equivalents	1.d.	\$ 17,857
Other current assets	3.	355
Total Current Assets		18,212
Total Assets		
		\$ 18,212
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		\$ 478
Payroll taxes payable		1,906
Total Current Liabilities		2,384
Contingencies		
	6.	-
Total Liabilities		2,384
Net Assets		
Without donor restrictions		
Undesignated	1.b.	(3,997)
With donor restrictions		
Purpose restricted	1.b.	19,825
Total Net Assets		15,828
Total Liabilities and Net Assets		\$ 18,212

See notes to financial statements.

Smart Share Housing Solutions, Inc.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains, and Other Support			
Local government financial assistance	\$ 15,825	\$ 19,825	\$ 35,650
Private donations	48,346		48,346
Service fees	15,500		15,500
Other revenue	776		776
Subtotals	80,447	19,825	100,272
Total Revenues, Gains, and Other Support	80,447	19,825	100,272
Expenses			
Program services	85,848		85,848
Fundraising, net of direct costs	7,049		7,049
Management and general	8,208		8,208
Total Expenses	101,105		101,105
Change in Net Assets from Operating Activities	(20,658)	19,825	(833)
Net Assets, Beginning	16,661		16,661
Net Assets, Ending	\$ (3,997)	\$ 19,825	\$ 15,828

See notes to financial statements.

Smart Share Housing Solutions, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2018

	Programs	Fundraising	Management and General	Totals
Payroll	\$ 63,347	\$ 6,473	\$ 6,473	\$ 76,293
payroll taxes	5,419	576	576	6,571
Subtotals	68,766	7,049	7,049	82,864
Advertising	1,548			1,548
Memberships and licenses	300			300
Bank charges			95	95
Office			467	467
Background screening	9,368			9,368
Insurance	3,937		437	4,374
Other operating expense	1,023			1,023
Professional fees			114	114
Travel	492			492
Utilities	414		46	460
Subtotals	85,848	7,049	8,208	101,105
Totals	\$ 85,848	\$ 7,049	\$ 8,208	\$ 101,105

See notes to financial statements.

Smart Share Housing Solutions, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2018

	Note	2018
Cash Flows From Operating Activities:		
Change in net assets	\$	(833)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in other current assets		1,239
Increase (decrease) in accounts payable and accrued liabilities		(19,347)
Increase (decrease) in payroll taxes payable		1,906
Increase (decrease) in other current liabilities		17,955
Total Cash Flows From Operating Activities		920
Cash Flows From Investing Activities:		
Net cash increase (decreases) in cash and cash equivalents		920
Cash and Cash Equivalents at Beginning of Period		16,937
Cash and Cash Equivalents at End of Period	\$	17,857
Cash and cash equivalents at June 30 are as follows:		
Cash in financial institutions without donor restrictions	1., d. \$	17,857
Cash and cash equivalents	\$	17,857
Supplemental data:		
Interest paid		-
Income taxes paid		-

See notes to financial statements.

Smart Share Housing Solutions, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2018

1. Significant Accounting Policies

a. Date and place of incorporation, commencement of operations

Smart Share Housing Solutions, Inc. is a not-for-profit, non-stock corporation organized under the laws of the state of California on November 15, 2017. The Organization began as HomeShareSLO in 2016 with the mission to develop innovative housing solutions, to facilitate matches between people with extra room and people seeking housing.

b. Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributions, including makers of certain grants), and can be used for any purpose designated by the Organization's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

c. Basis of Accounting

The financial statements are presented using the accrual basis of accounting that recognizes revenue when earned and operating expenses when incurred.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. It considers temporarily restricted agency and endowment funds to be cash equivalents as the Organization's governing body may decide to use the funds for certain programs at any time.

e. Income taxes

The organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service classifies the Organization as other than a private foundation. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income such as interest received from investment sources. The Organization was not required to report unrelated business taxable income during the period.

For the year ended December 31, 2018, the Organization has no material uncertain tax positions to be accounted for in the consolidated financial statements under the principles of the Income Taxes topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Smart Share Housing Solutions, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2018

1. Significant Accounting Policies

e. Income taxes

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. With few exceptions, the tax returns remain subject to examination by the Internal Revenue Service for three years after the filing due date of the return (without extensions), and by the California Franchise Tax Board for four years after the due date of the return (without extensions).

f. Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

g. Financial instruments

The Organization's financial instruments consist of accounts receivable, short term investments, accounts payable, and other accrued liabilities. The organization has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

h. Contributions and Support

The Organization accounts for contributions in accordance with FASB *ASC Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction when the donor stipulated time restriction expires or the restricted purpose is accomplished.

i. Revenue Recognition

Service revenue is recognized in accordance with industry practice which is when all the risks and benefits of the services have been transferred to customers under executed service agreements.

Smart Share Housing Solutions, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2018

1. Significant Accounting Policies

j. Functional expenses

i. The expenses that are allocated include the following:

Expense	Basis of Allocation
Salaries and wages	Time and effort
Payroll taxes	Time and effort
Office	Time and effort

k. Allocation of Functional Expenses

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited in reasonable ratios determined by management.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

l. Advertising Costs

Advertising costs are expensed as incurred.

m. New accounting pronouncement

On August 18, 2016, FASB issued 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. Smart Share Housing Solutions, Inc. has adjusted the presentation of these statements accordingly.

Smart Share Housing Solutions, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2018

2. Accounts Receivable

Accounts receivable consists of maintenance fees charged to Project Lifesaver clients. Management considers the accounts to be fully collectible and has not established an allowance for doubtful accounts.

3. Other Current Assets

Other current assets at June 30 are as follows:

	2018
Prepaid workers' compensation insurance	\$ 355
Total	\$ 355

4. Programs

The organization's programs are as follow:

HomeShareSLO – a facilitated housemate-matching program serving mostly lower-income seniors..

Tiny House Consulting – the program assists the community to understand and implement the new rules allowing tiny homes on wheels in shared backyards

Co-Living Collaborative – the program seeks to explore ownership opportunities to provide deed-restricted affordable, sustainability focused, community-centered housing.

5. Concentration of Credit Risk

The Organization maintains accounts at one bank. The Federal Deposit Insurance Corporation (FDIC) insures each depositor at a member financial institution up to \$250,000. As of December 31, 2018 there were no uninsured cash balances held by the banks.

6. Contingencies

Certain grants from donors are subject to audit by the donor. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

Smart Share Housing Solutions, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2018

7. Liquidity

- a. The organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments, while also striving to maximize the investment of its available funds. The Organization maintains financial resources policy that outlines acceptable investment vehicles for working capital, which includes reserves to be spent in the short-term on current activities, donor restricted funds meant to be spent down over a relatively short period of time to fund programs, and operating cash, which includes gifts without donor restrictions and with restriction or funds for operating needs. Per the policy, the Organization may invest available cash needed for its general expenditures, liabilities, and other obligations in short-term investments, specifically interest bearing checking accounts, money market funds, and money market mutual funds.

	2018
Cash and cash equivalents	\$ 17,857
Accounts receivable	1,210
Subtotal	19,067
Less: those unavailable for general expenditures within one year, due to:	
Purpose restriction	(19,825)
Total	\$ (758)

8. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The date to which events occurring after December 31, 2018 have been evaluated for possible adjustment to the financial statements or disclosure is the same as the report date, which is the date on which the financial statements were available to be issued.