
Street Sense, Inc.

Financial Statements
And
Independent Auditor's Report

Year Ended December 31, 2015 and 2014

TABLE OF CONTENTS

Independent Auditor's Report	3 - 4
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9 -12

Independent Auditor's Report

To the Board of Directors
Street Sense, Inc.
Washington, DC

We have audited the accompanying financial statements of Street Sense, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and change 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

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 Street Sense, Inc. as of December 31, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Street Sense, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Abercrombie & Associates, LLC

Abercrombie & Associates, LLC
September 16, 2016
Silver Spring, MD

Street Sense
Statement of Financial Position
December 31, 2015

(With summarized comparative financial information as of December 31, 2014)

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	74,799	57,158
Accounts receivable	26,945	30,192
Grants receivable	100,000	
Prepaid expenses	4,420	2,526
Fixed assets, net of depreciation	28,334	37,022
TOTAL ASSETS	234,498	126,898
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	33,262	29,691
Deferred revenue	-	-
TOTAL LIABILITIES	33,262	29,691
Net Assets		
Unrestricted	73,080	93,084
Restricted	128,156	4,123
TOTAL NET ASSETS	201,236	97,207
TOTAL LIABILITIES AND NET ASSETS	\$ 234,498	\$ 126,898

The accompanying notes are an integral part of these financial statements

Street Sense, Inc.
Statement of Activities
For the Year Ended December 31, 2015
(With summarized comparative financial information as of December 31, 2014)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Revenue and Support				
Grants and contributions	216,993	156,000	372,993	200,153
Program services revenue	70,916	-	70,916	58,934
Donated services and goods	156,369	-	156,369	170,804
Special event	27,910	-	27,910	23,691
Miscellaneous income	200	-	200	77
Release of restriction	31,967	(31,967)	-	-
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Total Revenue and Support	504,355	124,033	628,388	453,659
Expenses:				
Program services	419,487	-	419,487	349,786
Management and general	78,654	-	78,654	65,585
Fundraising	26,218	-	26,218	21,862
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Total Expenses	524,359	-	524,359	437,233
Change in Net Assets	(20,004)	124,033	104,029	16,426
Net Assets Beginning of Year	93,084	4,123	97,207	80,781
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Net Assets End of Year	73,080	128,156	201,236	97,207

The accompanying notes are an integral part of these financial statements

Street Sense, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015
(With summarized comparative financial information as of December 31, 2014)

EXPENSES	Program Services	Management and General	Fundraising	2015 Total	2014 Total
Payroll expenses	126,866	23,787	7,929	158,583	164,011
Fringe benefits	21,366	4,006	1,335	26,707	11,149
Consultants and professional fees	33,878	6,352	2,117	42,347	9,237
Consultants and professional fees (donated)	117,194	21,974	7,325	146,492	138,755
Travel and transportation	2,402	450	150	3,002	235
Technology	4,459	836	279	5,574	2,187
Supplies	918	172	57	1,147	763
Postage and delivery	2,317	434	145	2,896	2,175
Printing	27,746	5,202	1,734	34,683	34,450
Occupancy	18,038	3,382	1,127	22,547	18,000
Office equipment	1,802	338	113	2,252	-
Telephone/fax/internet	4,555	854	285	5,694	4,479
Insurance	2,679	502	167	3,349	3,676
Vendor donation expense	2,176	408	136	2,720	4,480
Miscellaneous	-	-	-	-	209
Depreciation	13,580	2,546	849	16,975	12,366
Fundraising	4,566	856	285	5,708	4,035
Bank charges	1,806	339	113	2,258	594
Program costs	32,259	6,049	2,016	40,324	23,995
Marketing and advertising	262	49	16	327	656
Dues and conferences	347	65	22	434	684
Licenses and permits	272	51	17	340	1,097
Total	419,487	78,654	26,218	524,359	437,233

The accompanying notes are an integral part of these financial statements

Street Sense, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015
(With summarized comparative financial information as of December 31, 2014)

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	104,029	16,426
Adjustments to reconcile change in assets to net cash used by operating activities:		
Depreciation expense	16,975	12,366
Donated assets	(8,287)	(30,450)
(Increase) decrease in accounts receivable	3,247	(14,690)
(Increase) decrease in grants receivable	(100,000)	
(Increase) decrease in prepaid expenses	(1,894)	388
Increase in accounts payable and accrued expense	3,571	8,824
Increase (decrease) in deferred revenue	-	(1,544)
Net Cash provided by (used in) Operating Activities	17,641	(8,680)
Net Increase (decrease) in Cash and Cash Equivalents	17,641	(8,680)
Cash and Cash Equivalents, Beginning of Year	57,158	65,838
Cash and Cash Equivalents, End of Year	74,799	57,158

The accompanying notes are an integral part of these financial statements

Street Sense, Inc.
Notes to Financial Statements
December 31, 2015

Note 1 – Organization and Summary of Accounting Policies

Organization

Street Sense, Inc. (“Street Sense”) is a non-profit organization that serves as a vehicle for elevating voices and public debate on issues relating to poverty while also creating economic opportunities for people in the community who are experiencing homelessness. It seeks to achieve its mission through the publication and distribution of a bi-weekly newspaper and other media, and via employment training programs in the field of digital marketing and media arts. In addition to its newspaper, Street Sense produces content in film, theater, audio, illustration and interactive art. Distribution of the paper not only provides an immediate source of income to the homeless men and woman who sell it, but, along with the other media the organization produces, also gives these vendors a voice and a new sense of self-worth. The content Street Sense produces provides consumers with in-depth coverage of homelessness and poverty issues not often covered by mainstream media.

Street Sense was incorporated in 2003 under the laws of the District of Columbia. Its activities are funded by grants and private donations as well as from the proceeds of the sales of newspaper and advertising.

A summary of significant accounting policies utilized in the preparations of the financial statements is as follows:

Basis of accounting

The financial statements of Street Sense have been prepared on the accrual basis of accounting in accordance with FASB ASC 958, *Not-for-Profit Entities*. Therefore, revenue and related assets are recognized when earned and expense are recorded when the related obligations are incurred.

Tax status

Street Sense has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under section 501(c) (3) of the Internal Revenue Code. The Internal Revenue Service has determined that Street Sense is not a private foundation. Street Sense is required to report unrelated business income to the Internal Revenue Service and the District of Columbia.

Uncertain tax positions

The Financial Accounting Standards Board (FASB) has released FASB ASC 740-10, *Income Taxes*, that provide guidance for reporting uncertainty in income taxes. For the year ended December 31, 2015, Street Sense has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. Tax years ending December 31, 2014, 2013 and 2012 remain open with both Federal and state taxing authorities.

Street Sense, Inc.
Notes to Financial Statements
December 31, 2015

Cash and cash equivalents

For financial statement purposes, cash and cash equivalents include operating cash accounts, petty cash and highly liquid, money market fund accounts with original maturities of three months or less.

Net assets

Street Sense has established the following net asset categories:

- Unrestricted net assets are available for use in general operations.
- Temporarily restricted net assets consist of amounts that are subject to donor restrictions and income earned on permanently restricted net assets. Street Sense is permitted to use or expend the donated assets in accordance with the donor restrictions.
- Street Sense reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue recognition

Street Sense recognizes revenue when it is earned. Revenues are recorded at the time pledges are made, corporate support is pledged, products are shipped, services are performed, or obligations are fulfilled. Contributions are reported in accordance with the provisions of FASB ASC 958-605, *Revenue Recognition* (SFAS No. 116).

Property and equipment

Property and equipment consist of furniture, office, computer equipment and intangible assets recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. The capitalization policy currently records property and equipment acquisitions over \$1,000 with an expected life of more than a year.

Use of estimates

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 certain reported amounts and disclosures. Actual results could differ from estimates.

Street Sense, Inc.
Notes to Financial Statements
December 31, 2015

Note 2 - Accounts and Grants Receivable

Street Sense uses the allowance method to account for uncollectible receivables. Receivables are determined uncollectible based on management's review. As of December 31, 2015, allowance for uncollectible receivables was zero since all receivables were deemed to be collectible.

Accounts and grants receivable due in less than one year	\$ 76,945
Accounts and grants receivable due in two to five years	<u>50,000</u>
Total Accounts and grants receivable	<u>\$126,945</u>

Note 3 - Property and Equipment

Furniture, equipment and intangible assets are recorded at cost. Depreciation and amortization are provided over the estimated useful lives of the respective assets, which range from three to seven years on a straight line basis. Street Sense capitalizes property and equipment in excess of \$1,000.

Property and equipment consists of the following at December 31, 2015:

Furniture and equipment	\$ 70,833
Accumulated depreciation	<u>(42,499)</u>
Book Value December 31, 2015	<u>\$ 28,334</u>

Depreciation expense was \$16,975 for the period ended December 31, 2015.

Note 4 – Donated Goods and Services

Street Sense received donated goods and services totaling \$156,369. Donated services are shown as both support and expense in the Statement of Activities.

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2015:

Media center	<u>\$128,156</u>
Total	<u>\$128,156</u>

Note 6 - Commitments

Street Sense leases its office space in Washington, DC under a month to month lease. Rent expense for the Year Ended December 31, 2015 was \$21,600.

Street Sense, Inc.
Notes to Financial Statements
December 31, 2015

Note 7 - Functional Allocation of Expenses

The cost of providing various program and supporting services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative costs have been allocated, when appropriate, to the programs and supporting services proportionately based on direct personnel costs.

Note 8 - Subsequent events

In preparing these financial statements, Street Sense has evaluated events and transactions for potential recognition or disclosure through September 16, 2016 the date the financial statements were issued.