Street Sense, Inc.

Financial Statements
And
Independent Auditor’s Report

Year Ended December 31, 2013 and 2012
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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, 2013, 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, 2013, 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 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Abercrombie & Associates, LLC

Abercrombie & Associates, LLC
May 14, 2014
Silver Spring, MD
Street Sense
Statement of Financial Position
December 31, 2013
(With summarized comparative financial information as of December 31, 2012)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>65,838</td>
<td>54,433</td>
</tr>
<tr>
<td>Accounts Receivable, Net of Allowance For Doubtful Accounts</td>
<td>15,502</td>
<td>15,446</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>2,914</td>
<td>2,547</td>
</tr>
<tr>
<td>Fixed assets, net of depreciation</td>
<td>18,938</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>103,192</strong></td>
<td><strong>72,427</strong></td>
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<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
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<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable &amp; Accrued Expenses</td>
<td>20,867</td>
<td>6,064</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>1,544</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>22,411</strong></td>
<td><strong>6,064</strong></td>
</tr>
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<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Unrestricted</td>
<td>74,763</td>
<td>66,363</td>
</tr>
<tr>
<td>Restricted</td>
<td>6,018</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>80,781</strong></td>
<td><strong>66,363</strong></td>
</tr>
</tbody>
</table>

| TOTAL LIABILITIES AND NET ASSETS | **$103,192** | **$72,427** |

The accompanying notes are an integral part of these financial statements
Street Sense
Statement of Activities
For the Year Ended December 31, 2013
(With summarized comparative financial information as of December 31, 2012)

The accompanying notes are an integral part of these financial statements.
Street Sense
Statement of Functional Expenses
For the Year Ended December 31, 2013
(With summarized comparative financial information as of December 31, 2012)

The accompanying notes are an integral part of these financial statements
Street Sense  
Statement of Cash Flows  
For the Year Ended December 31, 2013  
(With summarized comparative financial information as of December 31, 2012)

The accompanying notes are an integral part of these financial statements
**Note 1 – Organization and Summary of Accounting Policies**

**Organization**

Street Sense, Inc. (“Street Sense”) is 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 through the publishing and sale of a monthly paper. The paper not only provides an immediate source of income to the homeless men and woman who sell it, but also gives these vendors a voice and a new since of self worth. Additionally, it provides readers with in-depth coverage of homelessness and poverty issues not often covered my mainstream press.

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, 2013, 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, 2012, 2011 and 2010 remain open with both Federal and state taxing authorities.

**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.

**Note 2 - Accounts 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, 2013, allowance for uncollectible receivables was zero since all receivables were deemed to be collectible.
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, 2013:

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<thead>
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<tr>
<td>Furniture and equipment</td>
<td>$ 32,096</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(13,158)</td>
</tr>
<tr>
<td>Book Value December 31, 2013</td>
<td>$ 18,938</td>
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Depreciation expense was $4,753 for the period ended December 31, 2013.

Note 4 – Donated Goods and Services

Street Sense received donated goods and services totaling $75,344. Donated legal services, writing instruction and web site maintenance are shown as both support and expense in the Statement of Activities.

Note 5 - Commitments

Street Sense leases its office space in Washington, DC under a month to month lease. Rent expense for the Year Ended December 31, 2013 was $17,663.

Note 6 - 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 7 - Subsequent events

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