
Street Sense, Inc.

Financial Statements
And
Independent Auditor's Report

Year Ended December 31, 2013 and 2012

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 -11



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.

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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

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Street Sense
Statement of Financial Position
December 31, 2013
(With summarized comparative financial information as of December 31, 2012)

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

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)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Revenue and Support				
Grants and Contribution	169,163	15,000	184,163	188,338
Program Services Revenue	86,620	-	86,620	68,850
Donated Services and Goods	75,344	-	75,344	68,033
Special Event	36,428	-	36,428	-
Release of restrictions	8,982	(8,982)	-	-
Total Revenue and Support	<u>376,537</u>	<u>6,018</u>	<u>382,555</u>	<u>325,221</u>
Expenses:				
Program Services	294,509	-	294,509	241,622
Management and General	55,220	-	55,220	45,304
Fundraising	18,407	-	18,407	15,101
Total Expenses	<u>368,137</u>	<u>-</u>	<u>368,137</u>	<u>302,027</u>
Change in Net Assets	8,400	6,018	14,418	23,194
Net Assets Beginning of Year	<u>66,363</u>	<u>-</u>	<u>66,363</u>	<u>43,169</u>
Net Assets End of Year	<u><u>74,763</u></u>	<u><u>6,018</u></u>	<u><u>80,781</u></u>	<u><u>66,363</u></u>

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)

EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2013 Total</u>	<u>2012 Total</u>
Payroll Expenses	132,051	24,760	8,253	165,064	153,599
Fringe Benefits	8,929	1,674	558	11,161	6,064
Consultants & Professional Fees	8,330	1,562	521	10,413	62,533
Consultants & Professional Fees (Donated)	31,668	5,938	1,979	39,585	
Travel & Transportation	1,437	269	90	1,797	639
Technology	13,810	2,589	863	17,262	13,033
Supplies	846	159	53	1,058	1,580
Postage & Delivery	1,138	213	71	1,422	3,691
Printing	29,028	5,443	1,814	36,285	37,459
Occupancy	16,016	3,003	1,001	20,020	10,800
Office Furniture (Donated)	1,929	362	121	2,411	
Telephone/Fax/Internet	3,329	624	208	4,161	3,538
Insurance	2,278	427	142	2,848	2,656
Vendor Donation Expense	2,320	435	145	2,900	2,560
Miscellaneous/Other	1,605	301	100	2,006	60
Depreciation	3,802	713	238	4,753	262
Fundraising	3,772	707	236	4,715	345
Bank Charges	1,009	189	63	1,261	250
Program Costs	29,518	5,535	1,845	36,898	1,465
Marketing & Advertising	360	68	23	450	190
Dues & Conferences	1,072	201	67	1,339	970
Licenses & Permits	264	50	17	330	333
Total	<u>294,509</u>	<u>55,220</u>	<u>18,407</u>	<u>368,137</u>	<u>302,027</u>

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)

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	14,418	23,194
Adjustments to reconcile change in assets to net cash used by operating activities		
Depreciation Expense	4,753	262
Donated Assets	(17,884)	-
Increase in accounts receivable	(56)	(12,024)
Increase in prepaid expenses	(367)	(1,282)
Increase in accounts payable and accrued expense	14,803	3,421
Increase in Deferred revenue	1,544	-
Net Cash provided by Operating Activities	<u>17,211</u>	<u>13,571</u>
Cash Flows from Investing Activities		
Purchase of Fixed Assets	<u>(5,807)</u>	<u>-</u>
Net Cash used by Investing Activities	<u>(5,807)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	11,405	13,571
Cash and Cash Equivalents, Beginning of Year	<u>54,433</u>	<u>40,862</u>
Cash and Cash Equivalents, End of Year	<u><u>65,838</u></u>	<u><u>54,433</u></u>

The accompanying notes are an integral part of these financial statements

Street Sense
Notes to Financial Statements
December 31, 2013

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 sense of self worth. Additionally, it provides readers with in-depth coverage of homelessness and poverty issues not often covered by 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.

Street Sense
Notes to Financial Statements
December 31, 2013

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.

Street Sense
Notes to Financial Statements
December 31, 2013

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:

Furniture and equipment	\$ 32,096
Accumulated depreciation	<u>(13,158)</u>
Book Value December 31, 2013	<u>\$ 18,938</u>

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.