
Street Sense, Inc.

Financial Statements
And
Independent Auditor's Report

Year Ended December 31, 2014 and 2013

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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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Abercrombie & Associates, LLC

Abercrombie & Associates, LLC
September 10, 2015
Silver Spring, MD

Street Sense
Statement of Financial Position
December 31, 2014
(With summarized comparative financial information as of December 31, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	57,158	65,838
Accounts receivable	30,192	15,502
Prepaid expenses	2,526	2,914
Fixed assets, net of depreciation	<u>37,022</u>	<u>18,938</u>
TOTAL ASSETS	<u>126,898</u>	<u>103,192</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	29,691	20,867
Deferred revenue	<u>-</u>	<u>1,544</u>
TOTAL LIABILITIES	<u>29,691</u>	<u>22,411</u>
Net Assets		
Unrestricted	93,084	74,763
Restricted	<u>4,123</u>	<u>6,018</u>
TOTAL NET ASSETS	97,207	80,781
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 126,898</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, 2014
(With summarized comparative financial information as of December 31, 2013)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
Revenue and Support				
Grants and contribution	200,153	-	200,153	184,163
Program services revenue	58,934	-	58,934	86,620
Donated services and goods	170,804	-	170,804	75,344
Special event	23,691	-	23,691	36,428
Miscellaneous income	77	-	77	-
Release of restriction	1,895	(1,895)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue and Support	455,554	(1,895)	453,659	382,555
Expenses:				
Program services	349,786	-	349,786	294,509
Management and general	65,585	-	65,585	55,220
Fundraising	21,862	-	21,862	18,407
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	437,233	-	437,233	368,137
Change in Net Assets	18,321	(1,895)	16,426	14,418
Net Assets Beginning of Year	74,763	6,018	80,781	66,363
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Net Assets End of Year	93,084	4,123	97,207	80,781

The accompanying notes are an integral part of these financial statements

Street Sense
Statement of Functional Expenses
For the Year Ended December 31, 2014
(With summarized comparative financial information as of December 31, 2013)

EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2014 Total</u>	<u>2013 Total</u>
Payroll expenses	131,209	24,602	8,201	164,011	165,064
Fringe benefits	8,919	1,672	557	11,149	11,161
Consultants and professional fees	7,390	1,386	462	9,237	10,413
Consultants and professional fees (donated)	111,004	20,813	6,938	138,755	39,585
Travel and transportation	188	35	12	235	1,797
Technology	1,750	328	109	2,187	17,262
Supplies	610	114	38	763	1,058
Postage and delivery	1,740	326	109	2,175	1,422
Printing	27,560	5,168	1,723	34,450	36,285
Occupancy	14,400	2,700	900	18,000	20,020
Office furniture (donated)	-	-	-	-	2,411
Telephone/fax/internet	3,583	672	224	4,479	4,161
Insurance	2,941	551	184	3,676	2,848
Vendor donation expense	3,584	672	224	4,480	2,900
Miscellaneous	167	31	10	209	2,006
Depreciation	9,893	1,855	618	12,366	4,753
Fundraising	3,228	605	202	4,035	4,715
Bank charges	475	89	30	594	1,261
Program costs	19,196	3,599	1,200	23,995	36,898
Marketing and advertising	525	98	33	656	450
Dues and conferences	547	103	34	684	1,339
Licenses and permits	878	165	55	1,097	330
Total	<u>349,786</u>	<u>65,585</u>	<u>21,862</u>	<u>437,233</u>	<u>368,137</u>

The accompanying notes are an integral part of these financial statements

Street Sense
Statement of Cash Flows
For the Year Ended December 31, 2014
(With summarized comparative financial information as of December 31, 2013)

	2014	2013
Cash Flows from Operating Activities		
Change in net assets	16,426	14,418
Adjustments to reconcile change in assets to net cash used by operating activities:		
Depreciation expense	12,366	4,753
Donated assets	(30,450)	(17,884)
Increase in accounts receivable	(14,690)	(56)
(Increase) decrease in prepaid expenses	388	(367)
Increase in accounts payable and accrued expense	8,824	14,804
Increase (decrease) in deferred revenue	(1,544)	1,544
Net Cash provided by (used in) Operating Activities	(8,680)	17,212
Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	(5,807)
Net Cash used by Investing Activities	-	(5,807)
Net Increase (decrease) in Cash and Cash Equivalents	(8,680)	11,405
Cash and Cash Equivalents, Beginning of Year	65,838	54,433
Cash and Cash Equivalents, End of Year	57,158	65,838

The accompanying notes are an integral part of these financial statements

Street Sense
Notes to Financial Statements
December 31, 2014

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. 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, 2014, 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, 2013, 2012 and 2011 remain open with both Federal and state taxing authorities.

Cash and cash equivalents

Street Sense
Notes to Financial Statements
December 31, 2014

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, 2014, allowance for uncollectible receivables was zero since all receivables were deemed to be collectible.

Street Sense
Notes to Financial Statements
December 31, 2014

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, 2014:

Furniture and equipment	\$ 62,546
Accumulated depreciation	<u>(25,524)</u>
Book Value December 31, 2014	<u>\$ 37,022</u>

Depreciation expense was \$12,366 for the period ended December 31, 2014.

Note 4 – Donated Goods and Services

Street Sense received donated goods and services totaling \$170,804. Donated legal services, writing instruction and web site maintenance 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, 2014:

Furniture and equipment	<u>\$4,123</u>
Total	<u>\$4,123</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, 2014 was \$18,000.

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 10, 2015 the date the financial statements were issued.