

STREET SENSE, INC.

Financial Statements as at December 31, 2010 and December 31, 2009

**and the years then ended
together with the Report of the Independent Auditor**

**Michael S. Febrey, CPA
7982 Old Georgetown Rd.
Bethesda, MD 20814
301-657-1040**

October 31, 2011

To the Board of Directors of
Street Sense, Inc.

We have audited the financial statements of Street Sense Inc. for the year ended December 31, 2010 and have issued our report thereon dated October 21, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 2, 2011, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Street Sense, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Changes in Significant Accounting Policies and Their Application

As is the case with virtually all organizations, Street Sense, Inc. has available alternative accounting principles from which to choose. These choices involve matters such as revenue recognition, depreciation expense, and capitalization of costs. There were no accounting policy changes for 2010.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Street Sense's financial reporting process (that is, cause future financial statements to be materially misstated). Results of our audit work indicated the need for adjustments to payroll and accounts payable. These adjustments should be included in the normal reporting process and should be recorded on an ongoing basis by Street Sense.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

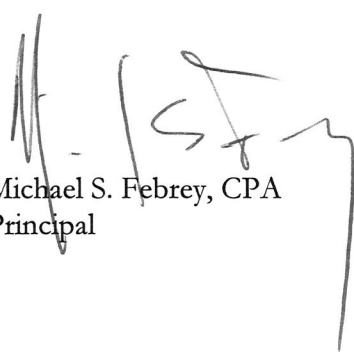
Consultations with Other Accountants

We are not aware of consultations with other accountants. Additionally, our engagement to perform the audit was not conditioned upon our willingness to allow certain accounting treatments.

During our audit, we were given access to all records, documents, and other supporting data and were furnished with all information and explanations requested. Officers and employees of Street Sense cooperated fully with us. There were no disagreements with management in the course of our audit.

This letter is intended solely for the information and use of you and management, and not intended to and should not be used by anyone other than these specified parties.

We appreciate the cooperation of the Board of Directors and management of Street Sense, Inc.



Michael S. Febrey, CPA
Principal

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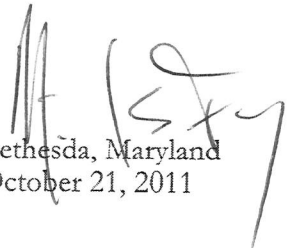
Report of Independent Auditors

To the Board of Directors
Street Sense, Inc.

We have audited the accompanying statements of financial position of Street Sense, Inc. for the year ended December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Street Sense Inc.'s management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Street Sense Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Street Sense Inc. as of December 31, 2010, 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.



Bethesda, Maryland
October 21, 2011

STREET SENSE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2010, with Comparative Totals for 2009

ASSETS	<u>2010</u>	<u>2009</u>
Current Assets		
Cash and cash equivalents	\$ 36,596	18,072
Accounts receivable	2,672	1,000
Prepaid expenses	0	1,317
Total Current Assets	<u>39,268</u>	<u>20,389</u>
 Property and Equipment		
Donated equipment	8,405	8,405
Less: Accumulated depreciation	<u>(7,403)</u>	<u>(5,934)</u>
Total Property and Equipment	<u>1,002</u>	<u>2,471</u>
 TOTAL ASSETS	 <u>\$ 40,270</u>	 <u>22,860</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ <u>2,655</u>	<u>2,532</u>
Total Current Liabilities	<u>2,655</u>	<u>2,532</u>
 Net Assets		
Unrestricted net assets	37,615	20,328
 Total Liabilities and Net Assets	 <u>\$ 40,270</u>	 <u>22,860</u>

Notes to financial statement and accountant's report
Are an integral part of these financial statements

STREET SENSE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010, with Comparative Totals for 2009

	<u>2010</u>	<u>2009</u>
SUPPORT AND REVENUE		
Support		
Grants and Contributions	\$ 154,545	\$ 113,140
Donated goods and services	<u>28,345</u>	<u>24,459</u>
Total Support	<u>182,890</u>	<u>137,599</u>
Revenue		
Paper sales	49,515	42,602
Subscriptions	2,480	2,390
Advertising sales	15,893	11,786
Merchandise sales	<u>2</u>	<u>2</u>
Total Revenue	<u>67,888</u>	<u>56,780</u>
TOTAL SUPPORT AND REVENUE	<u>250,778</u>	<u>194,379</u>
EXPENSES		
Program Services	210,900	181,558
Supporting Services:		
General and administration	15,547	17,342
Fundraising	<u>7,044</u>	<u>7,805</u>
TOTAL EXPENSES	<u>233,491</u>	<u>206,705</u>
CHANGE IN NET ASSETS	17,287	(12,326)
NET ASSETS, Beginning of Year	<u>32,654</u>	<u>55,013</u>
NET ASSETS, End of Year	<u>\$ 20,328</u>	<u>\$ 32,654</u>

Notes to financial statement and accountant's report
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STREET SENSE, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010, with Comparative Totals for 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 17,287	(12,326)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,469	711
Donated goods and services		14
(Increase) decrease in assets:		
Accounts and other receivables	(1,672)	(800)
Prepaid expenses	1,317	(580)
(Decrease) increase in liabilities:		
Increase in accounts payable	<u>123</u>	<u>2,532</u>
 Net cash provided by operating activities	 18,524	 (10,449)
 CASH, Beginning of Year	 <u>18,072</u>	 <u>28,521</u>
CASH, End of Year	<u>\$36,596</u>	<u>18,072</u>

Notes to financial statement and accountant's report
Are an integral part of these financial statements

STREET SENSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Street Sense, Inc. (“Street Sense”) is a nonprofit 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 homeless men and women that 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 the mainstream press.

Street Sense was incorporated under the laws of the District of Columbia. Its activities have been funded by grants and private donations as well as from the proceeds of the sales of newspapers and advertising.

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

Basis of Presentation

The financial statements of Street Sense have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses are recorded when the related obligations are incurred.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment acquired are recorded at cost if purchased, or, if donated, at the approximate fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which is estimated to be 3 years.

STREET SENSE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

Many individuals donate time and services, which are a valuable and integral part of Street Sense's programs. In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, the value of non-specialized volunteer labor services is not recorded in the financial statements. Street Sense also received donated professional services and assets essential to its operations which are recorded as support and expense in the accompanying Statement of Activities in accordance with SFAS No. 116.

Grants and Contributions

Grants and contributions are recorded when awarded or pledged and classified as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted grants and contributions whose restrictions are fulfilled in the same period are recorded as unrestricted support in the Statement of Activities. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reports' 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.

NOTE 2. INCOME TAXES

Street Sense received a determination letter from the Internal Revenue Service which states that it is a tax-exempt organization. Consequently it is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code (IRC) and applicable income tax laws of the District of Columbia and is classified as other than a private foundation within the meaning of Section 509 (a) of the IRC. No provision for income taxes has been recorded in the accompanying financial statements.

STREET SENSE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 3. DONATED GOODS AND SERVICES

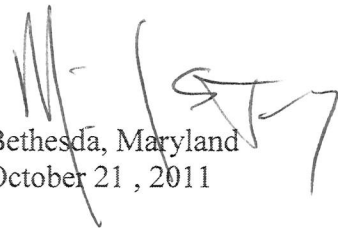
Street Sense received donated goods and services totaling \$28,345, which are shown as both income and expense.

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**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

To the Board of Directors
of Street Sense, Inc.

Our report on our audit of the basic financial statements of Street Sense, Inc. for year ended December 31, 2010 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been audited by us and accordingly, we offer no opinion on them.



Bethesda, Maryland
October 21, 2011

STREET SENSE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

	UNAUDITED			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 110,515	\$ 5,974	\$ 2,985	\$ 119,474
Payroll taxes	9,497	514	257	10,268
Printing for papers	32,084	-	-	32,084
Supplies	1,314	-	-	1,314
Rent	10,800	-	-	10,800
Telephone	2,329	274	137	2,740
Program Supplies	1,518	-	-	1,518
Technology	26,763	3,149	1,574	31,486
Postage and delivery	2,568	302	151	3,021
Insurance	580	579	579	1,738
Professional services	-	3,900	-	3,900
Depreciation	1,248	147	73	1,468
Events/ fundraising	935	-	934	1,869
All other	<u>10,749</u>	<u>708</u>	<u>354</u>	<u>11,811</u>
	<u>\$ 210,900</u>	<u>\$ 15,547</u>	<u>\$ 7,044</u>	<u>\$ 233,491</u>

See Accountant's Supplemental Report