

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

November 5, 2012

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, 2011 and have issued our report thereon dated November 5, 2012. 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 May 5, 2012, 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 2011.

**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

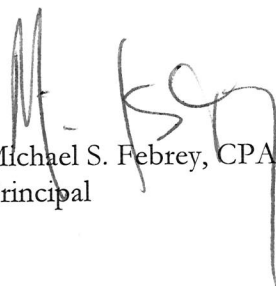
We are not aware of consultations with other accountants. Additionally, our engagement to perform the audit was not conditioned upon our willingness to allow certain accounting treatments.

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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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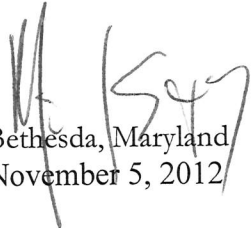
## Report of Independent Auditors

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, 2011, 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. The prior year summarized comparative information has been derived from Street Sense's 2010 financial statements and, in our report dated October 31, 2011, we expressed an unqualified opinion on those financial statements.

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, 2011, 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  
November 5, 2012

**STREET SENSE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2011, with Comparative Totals for 2010

<b>ASSETS</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 40,862	36,596
Accounts receivable	3,422	2,672
Prepaid expenses	1,265	0
<b>Total Current Assets</b>	<u>45,549</u>	<u>39,268</u>
<b>Property and Equipment</b>		
Donated equipment	8,405	8,405
Less: Accumulated depreciation	<u>(8,143)</u>	<u>(7,403)</u>
<b>Total Property and Equipment</b>	<u>262</u>	<u>1,002</u>
<b>TOTAL ASSETS</b>	<u>\$ 45,811</u>	<u>40,270</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ <u>2,643</u>	2,655
<b>Total Current Liabilities</b>	2,643	2,655
<b>Net Assets</b>		
Unrestricted net assets	\$ <u>43,168</u>	<u>37,615</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 45,811</u>	<u>40,270</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, 2011, with Comparative Totals for 2010

	<u>2011</u>	<u>2010</u>
<b>SUPPORT AND REVENUE</b>		
<b>Support</b>		
Grants and Contributions	\$ 129,988	\$ 154,545
Donated goods and services	<u>25,627</u>	<u>28,345</u>
<b>Total Support</b>	155,615	182,890
<b>Revenue</b>		
Paper sales	60,148	49,515
Subscriptions	704	2,480
Advertising sales	<u>15,139</u>	<u>15,893</u>
<b>Total Revenue</b>	75,991	67,888
<b>TOTAL SUPPORT AND REVENUE</b>	<u>231,606</u>	<u>250,778</u>
<b>EXPENSES</b>		
Program Services	201,644	210,900
Supporting Services:		
General and administration	18,288	15,547
Fundraising	<u>6,101</u>	<u>7,044</u>
<b>TOTAL EXPENSES</b>	<u>226,053</u>	<u>233,491</u>
<b>CHANGE IN NET ASSETS</b>	5,553	17,287
<b>NET ASSETS, Beginning of Year</b>	<u>37,615</u>	<u>20,328</u>
<b>NET ASSETS, End of Year</b>	\$ 43,168	\$ 37,615

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, 2011, with Comparative Totals for 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 5,553	\$ 17,287
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	740	1,469
Donated goods and services		
(Increase) decrease in assets:		
Accounts and other receivables	(750)	(1,672)
Prepaid expenses	(1,265)	1,317
(Decrease) increase in liabilities:		
Increase in accounts payable	<u>(12)</u>	<u>123</u>
 <b>Net cash provided by operating activities</b>	 4,266	 18,524
 <b>CASH, Beginning of Year</b>	 <u>36,596</u>	 <u>18,072</u>
<b>CASH, End of Year</b>	<b>\$ <u>40,862</u></b>	<b>\$ <u>36,596</u></b>

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, 2011

**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 Accounting*

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.

*Basis of Presentation*

The financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Street Sense is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, based upon the existence or absence of donor imposed restrictions. Street Sense does not have permanently restricted net assets.



**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.

**NOTE 3. DONATED GOODS AND SERVICES**

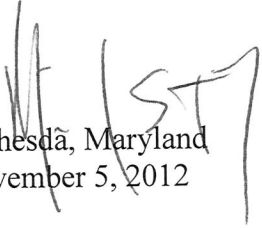
Street Sense received donated goods and services totaling \$25,627. Donated computers and software of lesser value along with donated web site maintenance and are shown as both support and expense in the Statement of Activities.

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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, 2011 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  
November 5, 2012

**STREET SENSE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2011

	UNAUDITED			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 104,483	\$ 5,647	\$ 2,824	\$ 112,954
Payroll taxes	11,315	612	306	12,233
Printing	38,876	-	-	38,876
Supplies	1,076	-	-	1,076
Rent	10,800	-	-	10,800
Telephone	2,626	309	154	3,089
Program Supplies	1,589	-	-	1,589
Technology	22,416	2,637	1,318	26,371
Postage and delivery	2,404	283	141	2,828
Insurance	446	445	445	1,336
Professional services	-	8,000	-	8,000
Depreciation	629	74	37	740
Events/ fundraising	735	-	735	1,470
All other	4,269	281	141	4,691
	\$ 201,664	\$ 18,288	\$ 6,101	\$ 226,053

*See Accountant's Supplemental Report*