
Street Sense, Inc.

Financial Statements
And
Independent Auditor's Report

Year Ended December 31, 2021
(With summarized comparative financial information for the year ended
December 31, 2020)

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Independent Auditor's Report

To the Board of Directors
Street Sense, Inc.
Washington, DC

Opinion

We have audited the accompanying financial statements of Street Sense, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Street Sense, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Street Sense, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Street Sense, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Street Sense, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Street Sense, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Abercrombie & Associates, LLC

Abercrombie & Associates, LLC
July 22, 2022
Silver Spring, MD

Street Sense, Inc.
Statement of Financial Position
December 31, 2021
(With summarized comparative financial information as of December 31, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 202,980	\$ 180,599
Accounts receivable, net	57,049	73,467
Grants receivable, net	138,541	-
Investments	2,194	-
Prepaid expenses	1,124	674
Fixed assets - net	808	1,042
TOTAL ASSETS	\$ 402,696	\$ 255,782
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 12,902	\$ 11,849
Total Liabilities	\$ 12,902	\$ 11,849
 NET ASSETS		
Without donor restrictions	203,056	232,183
With donor restrictions	186,738	11,750
Total Net Assets	389,794	243,933
TOTAL LIABILITIES AND NET ASSETS	\$ 402,696	\$ 255,782

The accompanying notes are an integral part of these financial statements

Street Sense, Inc.
Statement of Activities

For the year ended December 31, 2021

(With summarized comparative financial information for the year ended December 31, 2020)

REVENUE AND SUPPORT	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Grants and contributions	\$ 649,232	\$ 206,000	\$ 855,232	\$ 807,005
Program services revenue	35,684	-	35,684	18,886
Donated services and goods	6,725	-	6,725	10,800
Special event	-	-	-	4,925
Miscellaneous income	216	-	216	5,105
Net assets released from restrictions	31,012	(31,012)	-	-
Total Revenue And Support	<u>722,869</u>	<u>174,988</u>	<u>897,857</u>	<u>846,721</u>
 EXPENSES				
Program service	660,297	-	660,297	529,274
Management and general	46,298	-	46,298	84,336
Fundraising	45,401	-	45,401	71,807
Total Expenses	<u>751,996</u>	<u>-</u>	<u>751,996</u>	<u>685,417</u>
Change In Net Assets	(29,127)	174,988	145,861	161,304
Net Assets, Beginning Of Year	<u>232,183</u>	<u>11,750</u>	<u>243,933</u>	<u>82,629</u>
NET ASSETS, END OF YEAR	<u>\$ 203,056</u>	<u>\$ 186,738</u>	<u>\$ 389,794</u>	<u>\$ 243,933</u>

The accompanying notes are an integral part of these financial statements

Street Sense, Inc.
Statement of Functional Expenses
For the year ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	Program Expenses	Management & General Expenses	Fundraising Expenses	2021 Total Expenses	2020 Total Expenses
Payroll expenses	482,082	38,100	27,291	547,473	454,108
Consultants and professional fees (donated)	6,725	-	-	6,725	10,800
Program costs	44,076	-	-	44,076	31,636
Printing	39,659	-	-	39,659	20,412
Consultants and professional fees	10,870	5,132	859	16,861	79,410
Occupancy	26,533	1,502	2,097	30,132	30,132
Fringe benefits	18,966	-	138	19,104	10,516
Depreciation	206	12	16	234	234
Telephone/fax/internet	14,753	835	1,166	16,754	13,756
Insurance	3,305	187	261	3,753	4,204
Postage and delivery	356	20	12,862	13,238	6,471
Office equipment	3,045	172	241	3,458	7,686
Bank charges	2,637	149	208	2,994	3,531
Supplies	5,232	85	119	5,436	9,432
Dues and conferences	1,180	67	93	1,340	1,433
Marketing and advertising	37	-	-	37	469
Meals, travel and transportation	361	21	28	410	628
Licenses and permits	274	16	22	312	559
Total	660,297	46,298	45,401	751,996	685,417

The accompanying notes are an integral part of these financial statements

Street Sense, Inc.
Statement of Cash Flows
For the year ended December 31, 2021
(With summarized comparative financial information for the year ended December 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 145,861	\$ 161,304
 ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	234	234
Donated stock	(2,194)	
Changes in assets and liabilities		
(Increase) decrease in Account Receivable	16,418	(28,026)
(Increase) decrease in Grants Receivable	(138,541)	45,000
(Increase) decrease in Prepaid Expenses	(450)	181
Increase (decrease) in Accounts Payable & Accrued Expenses	1,053	(36,370)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	22,381	142,323
 Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	(1,276)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	(1,276)
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,381	141,047
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	180,599	39,552
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 202,980	\$ 180,599

The accompanying notes are an integral part of these financial statements

Street Sense, Inc.
Notes to the Financial Statements
December 31, 2021

Note 1 – Organization and Summary of Accounting Policies

Organization

Street Sense, Inc. (“Street Sense”) is a 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 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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 Presentation of Financial Statements for Not-for-Profit Entities.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Street Sense, Inc.’s financial statements for the year ended December 31, 2020, from which the summarized information was derived.

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, 2021, 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. The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service generally for three years after it is filed. Tax year ending December 31, 2020, 2019 and 2018 remain open with both Federal and state taxing authorities.

Street Sense, Inc.
Notes to the Financial Statements
December 31, 2021

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

Net Assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions are recorded as net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions that will be met by the actions of Street Sense and/or the passage of time. When a restriction expires, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue recognition

Contributions

The majority of Street Sense's revenue is received through contributions. Street Sense performs an analysis of the contribution to determine if the revenue stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or not reciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are show as net assets with donor restrictions in the accompanying financial statements.

Program service revenue

Street Sense recognizes program service revenue when it is earned. Revenues are recognized in accordance with ASU 2014-09 Revenue from Contracts with Customers (Topic 606) The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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.

Street Sense, Inc.
Notes to the Financial Statements
December 31, 2021

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.

Donated services, goods and facilities

Donated professional services are reflected in the statement of activities at their fair value. Assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Fair value measurement

Street Sense adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. Street Sense accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Advertising Costs

Advertising costs are expensed as incurred.

New accounting pronouncements (not yet adopted)

FASB issued ASU 2019-01, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for annual reporting periods beginning after December 15, 2021. Street Sense plans to adopt the new ASU on its effective date, which for Street Sense is January 1, 2022. Management is currently in the process of evaluating the impact of the new standard on its financial statements.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

Note 2 - Accounts and Grants 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, 2021, allowance for uncollectible receivables was zero since all receivables were deemed to be collectible.

Accounts receivable due one to five years	\$ 57,048
Grants receivable due one to five years	150,000
PV Discount on long term receivables	<u>(11,458)</u>
Total accounts and grants receivable	<u>195,590</u>

Street Sense, Inc.
Notes to the Financial Statements
December 31, 2021

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 consist of the following at December 31, 2021:

Furniture and Equipment	\$74,609
Accumulated Depreciation	<u>(73,801)</u>
Net Book Value	<u>808</u>

Depreciation expense was \$ 234 for the period ended December 31, 2021.

Note 4 – With Donor Restrictions Net Assets

With donor restrictions net assets were available for the following purposes at December 31, 2021:

Staff and Editorial \$186,738

Note 5 - Net Assets Released from Restrictions

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors for the year ended December 31, 2021.

Staff and Editorial	<u>\$ 31,012</u>
Total	\$ <u>31,012</u>

Note 6- Fair Value of Investments

Investments are composed of shares of stock as of December 31, 2021 the fair value of the investments was \$2,149.

Note 7 - Commitments

Street Sense leases its office space in Washington, DC under a month-to-month lease. Rent expense for the Year Ended December 31, 2021 was \$30,132.

Note 8 - Concentration of Credit Risk

Financial instruments that potentially expose Street Sense to concentrations of credit risk consist primarily of cash deposits. Bank deposit accounts at one institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. There was no uninsured balance as of December 31, 2021. Street Sense has not experienced, nor does it anticipate any loss of funds from its current concentration of risk.

Street Sense, Inc.
Notes to the Financial Statements
December 31, 2021

Note 9 - 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 10 – Liquidity

Liquidity and availability

Financial assets available for general expenditure, that is, without donor or restrictions limiting their use, within one year of the statement of financial position, comprise the following:

Cash and Cash Equivalents	\$202,980
Accounts Receivable	57,049
Grants Receivable	138,541
Less Net Assets with Donor Restrictions	<u>(186,738)</u>
Net Financial Assets Available in 1 yr	<u>211,832</u>

Street Sense's policy is to structure its financial assets to become available as general expenditures, liabilities and other obligations become due.

Note 11 – Risks and Uncertainties

In March 2020, the World Health Organization declared the spread of coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Street Sense, COVID-19 may impact various parts of its FY2021 operations and financial results, including, but not limited to, loss of revenue due to reductions in certain revenue streams.

Management believes that Street Sense is taking appropriate actions to mitigate the negative impact, including pursuing economic relief from the federal government. As of July 22, 2022, the amount and likelihood of loss relating to these events is not determined and cannot be reasonably estimated as these events are still developing.

Note 12 - Subsequent events

In preparing these financial statements, Street Sense has evaluated events and transactions for potential recognition or disclosure through July 22, 2022, the date the financial statements were issued.