

STREET SENSE INC.

**Financial Statements as at December 31, 2007 and the year then
ended together with the Report of the Independent Auditor**

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Michael S. Febrey, CPA, P.C.
A Professional Corporation
4815 St. Elmo Avenue
Bethesda, MD 20814
301-657-1040

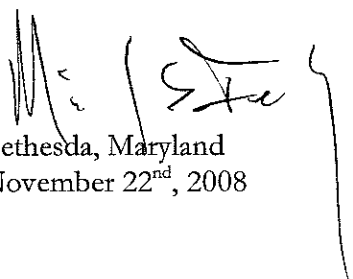
Report of Independent Auditors

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, 2007, 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, 2007, 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 22nd, 2008

STREET SENSE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2007

ASSETS

Current Assets

Cash and cash equivalents	\$ 50,003
Accounts receivable	416
Prepaid expenses	<u>1,306</u>
Total Current Assets	<u>51,725</u>

Property and Equipment

Donated equipment	6,493
Less: Accumulated depreciation	<u>(3,185)</u>
Total Property and Equipment	<u>3,308</u>

TOTAL ASSETS \$ 55,033

LIABILITIES AND NET ASSETS

Liabilities \$ -0-

Net Assets

Unrestricted net assets	50,033
Temporarily restricted net assets	<u>5,000</u>
Total Net Assets	<u>\$ 55,033</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, 2007

SUPPORT AND REVENUE	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support			
Grants and Contributions	\$ 102,104	\$ 5,000	\$ 107,104
Donated goods and services	<u>6,815</u>	<u>-</u>	<u>6,815</u>
Total Support	<u>108,919</u>	<u>5000</u>	<u>113,919</u>
 Revenue			
Interest income	112	-	112
Paper sales	24,854	-	24,854
Subscriptions	3,050	-	3,050
Advertising sales	12,871	-	12,871
Merchandise sales	1,707	-	1,707
Total Revenue	42,594	-	42,594
 TOTAL SUPPORT AND REVENUE	<u>151,513</u>	<u>5,000</u>	<u>156,513</u>
 EXPENSES			
Program Services	123,584	7,500	131,084
Supporting Services:			
General and administration	17,194	-	17,194
Fundraising	<u>7,127</u>	<u>-</u>	<u>7,127</u>
TOTAL EXPENSES	<u>147,904</u>	<u>7,500</u>	<u>155,405</u>
 CHANGE IN NET ASSETS	3,609	(2,500)	1,109
 NET ASSETS, Beginning of Year	<u>45,216</u>	<u>7,500</u>	<u>52,716</u>
 NET ASSETS, End of Year	<u>\$ 48,825</u>	<u>\$ 5,000</u>	<u>\$ 53,825</u>

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

STREET SENSE, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,109
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,962
Donated goods and services	(2,580)
(Increase) decrease in assets:	
Accounts and other receivables	(341)
Prepaid expenses	(10)
Decrease in liabilities:	
Accounts payable and accrued expenses	<u>1,015</u>
Net cash provided by operating activities	1,155
CASH, Beginning of Year	<u>48,848</u>
CASH, End of Year	\$ <u>50,003</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, 2007

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.

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, 2007

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, 2007

NOTE 3. DONATED GOODS AND SERVICES

Street Sense received donated goods and services totaling \$6,185. These included donated assets valued at \$2,580 which are capitalized and shown as property and equipment on the Statement of Financial Position. These computers and software are depreciated over their useful life of three years. Donated computers and software of lesser value along with donated web site maintenance and winter clothing in aggregate at \$3,605 are shown as both support and expense in the Statement of Activities.

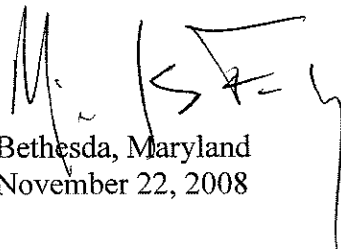
SUPPLEMENTAL INFORMATION

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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, 2007 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 22, 2008

STREET SENSE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

	UNAUDITED			
	Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 56,185	\$ 6,610	\$ 3,305	\$ 66,100
Payroll taxes	4,837	569	285	5,691
Printing for papers	28,357	-	-	28,357
Supplies	4,264	502	250	5,016
Rent	3,400	400	200	4,000
Telephone	2,327	274	137	2,738
Program Supplies	4,096	-	-	4,096
Technology	3,512	413	207	4,132
Postage and delivery	3,082	363	181	3,626
Conferences	-	625	-	625
Insurance	2,819	332	165	3,316
Professional services	-	6,464	-	6,464
Vendor recruitment	7,222	-	-	7,222
Depreciation	1,668	196	98	1,962
Events/ fundraising	2,079	-	2,079	4,158
All other	<u>6,028</u>	<u>445</u>	<u>220</u>	<u>6,694</u>
	<u>\$ 129,876</u>	<u>\$ 17,193</u>	<u>\$ 7,127</u>	<u>\$ 154,197</u>