

EXTREME KIDS AND CREW, INC.

FINANCIAL REPORT

DECEMBER 31, 2013

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Manger & Company
Certified Public Accountants
295 Madison Avenue, Suite 901
New York NY 10017

Robert L. Manger
Mark B. Beller

Phone: (212) 986-3025
Fax: (212) 697-3511

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Extreme Kids and Crew, Inc.
Brooklyn, New York

We have reviewed the accompanying statement of financial position of Extreme Kids and Crew, Inc., ("Extreme Kids"), a not-for-profit organization, as of December 31, 2013 and the related statement of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United of America.

Manger & Company

New York, NY
May 12, 2013

EXTREME KIDS AND CREW, INC.

Statement of Financial Position

As of December 31, 2013

ASSETS

Cash and cash equivalents	\$	52,561
Prepaid expenses		2,660
Property and equipment, net		<u>14,443</u>

Total assets	\$	<u>69,664</u>
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LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued expenses	\$	8,551
Loan from related party		<u>50,000</u>
Total liabilities		<u>58,551</u>

NET ASSETS

Unrestricted		<u>11,113</u>
Total net assets		<u>11,113</u>
Total liabilities and net assets	\$	<u>69,664</u>

See accompanying notes and independent accountants' review report.

EXTREME KIDS AND CREW, INC.

Statement of Activities

For the year ended December 31, 2013

	<u>Unrestricted</u>
REVENUES AND SUPPORT:	
Grants and contributions	\$ 152,593
Program income	12,580
Special event	2,229
Miscellaneous income	545
Investment income	17
	<u>167,964</u>
Expenses:	
Program services	159,919
Supporting services:	
Management and general	18,784
Fundraising	5,548
Total expenses	<u>184,251</u>
Change in net assets	(16,287)
Net assets, beginning of year	<u>27,400</u>
Net assets, end of the year	<u>\$ 11,113</u>

See accompanying notes and independent accountants' review report.

EXTREME KIDS AND CREW, INC.

Statement of Functional Expenses

For the year ended December 31, 2013

	Programs Services	Supporting Services		2013 Total
		Management and General	Fundraising	
Salaries	\$ 106,892	\$ 6,805	\$ 2,268	\$ 115,965
Payroll taxes	<u>12,996</u>	<u>1,237</u>	<u>413</u>	<u>14,646</u>
Total salaries and related expenses	<u>119,888</u>	<u>8,042</u>	<u>2,681</u>	<u>130,611</u>
Other expenses:				
Contract services	18,180	-	-	18,180
Occupancy	8,468	1,588	530	10,586
Professional fees	-	6,025	-	6,025
Program supplies and equipment	3,628	253	84	3,965
Office and miscellaneous	2,417	588	148	3,153
Bank and payroll fees	925	1,896	58	2,879
Telephone and internet	1,831	343	114	2,288
Advertising	1,509	-	-	1,509
Event expense	-	-	1,446	1,446
Fees	-	-	470	470
Insurance	168	32	11	211
Depreciation	<u>2,905</u>	<u>17</u>	<u>6</u>	<u>2,928</u>
Total other expenses	<u>40,031</u>	<u>10,742</u>	<u>2,867</u>	<u>53,640</u>
Total Expenses	<u>\$ 159,919</u>	<u>\$ 18,784</u>	<u>\$ 5,548</u>	<u>\$ 184,251</u>

EXTREME KIDS & CREW INC.

Statement of Cash Flows

For the year ended December 31, 2013

Cash flows from operating activities:	
Change in net assets	\$ (16,287)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization expense	2,928
Changes in operating assets and liabilities:	
Decrease in grants and contributions receivable	10,400
(Increase) in prepaid expenses	(2,660)
Increase in accounts payable and accrued expenses	<u>7,450</u>
Net cash provided by operating activities	<u>1,831</u>
Cash flows (used) in investing activities:	
Purchase of property and equipment	<u>(9,438)</u>
Net cash (used in) investing activities	<u>(9,438)</u>
Cash flows provided by financing activities:	
Loan from related party	<u>30,000</u>
Net cash provided by financing activities	<u>30,000</u>
Net increase in cash and cash equivalents	22,393
Cash and cash equivalents, beginning of year	<u>30,168</u>
Cash and cash equivalents, end of year	<u>\$ 52,561</u>

See accompanying notes and independent accountants' review report.

EXTREME KIDS AND CREW, INC.

Notes to Financial Statements

December 31, 2013

NOTE 1 - ORGANIZATION

Extreme Kids and Crew, Inc. ("Extreme Kids") is a not-for-profit organization that combats the stress and isolation faced by children with disabilities and their families through play, arts and movement programming, partnerships with cultural and therapeutic institutions, parent meet-ups and more. The overriding goal is to create a low-pressure environment where special needs children and their families can enjoy a joyful, creative and stress-free experience.

The sources of financial support are from membership fees, grants and contributions from individuals, foundations, corporations.

For Federal income tax purposes, Extreme Kids is classified as a 501(c)(3) organization and is exempt under Section 501(a) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Extreme Kids have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America ("US GAAP"). The significant accounting policies are as follows:

Net Assets

The financial statements have been presented in accordance with the recommendations of the Financial Accounting Standards Board's Accounting Standards Codification 958-205, "Financial Statements of Not-for-Profit Organizations". Under ASC 958-205, Extreme Kids is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Unrestricted Net Assets

Unrestricted net assets are gifts of cash and other assets that are neither temporarily restricted nor permanently restricted by donor-imposed stipulations. These gifts are available for the general operations of Extreme Kids.

Temporarily Restricted Net Assets

Temporarily restricted net assets are gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities when a donor restriction expires or purpose restriction is accomplished. Extreme Kids did not have any Temporarily Restricted Net Assets as of December 31, 2013.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Permanently Restricted Net Assets

Permanently restricted net assets are gifts of cash and other assets that have been designated by donors to be held in perpetuity. Extreme Kids did not have any Permanently Restricted Net Assets as of December 31, 2013.

Cash and Cash Equivalents

Extreme Kids considers all money market accounts, certificates of deposit, and liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents..

Property and Equipment

Extreme Kids capitalizes property and equipment with an expected useful life of more than one year and a cost (or if donated, at the fair value on the date of donation) of \$500 or more. Depreciation and amortization of property and equipment are provided on the straight-line method over the expected useful lives of the assets as follows:

Equipment and Furniture	5 years
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Program Income

Program income consist of fees collected prior to the beginning of each class or period of open-workshop, and are recorded as revenue at the time of collection. Fees collected for classes commencing after the fiscal year are recorded as deferred revenues on the statement of financial position. Extreme kids had no deferred revenue at December 31, 2013.

Functional Expenses Allocation

Extreme Kids has summarized the costs of providing the various programs and other activities on functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management determined such allocations in accordance with grant provisions and/or other equitable bases.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Income Taxes

Extreme Kids has adopted Accounting Standards Codification (“ASC”) 740 “Income Taxes.” ASC 740 requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of this guidance did not have an impact on Extreme Kid's financial statements, as management believes that there are no uncertain tax positions within its financial statements.

Extreme Kids has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it was nexus; and to review other matters that may be considered tax positions.

Extreme Kids Form 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, 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 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2013 are as follows:

	<u>2013</u>
Program equipment	\$ 18,210
Office equipment	<u>1,143</u>
	19,353
Accumulated depreciation	<u>(4,910)</u>
Net book value	<u>\$ 14,443</u>

Depreciation expense for the year ended December 31, 2013 amounted to \$2,928.

EXTREME KIDS AND CREW, INC.

Notes to Financial Statements

December 31, 2013

NOTE 4 - LOAN FROM RELATED PARTY

As of December 31, 2013 Extreme Kids has outstanding various loans totaling \$50,000 from its founder. These loans bear no interest and have no set repayment terms.

NOTE 5 - COMMITMENTS

Extreme Kids has two playspaces which it leases on annual, rent-free basis. The spaces are respectively owned by the New York City Board of Education and the New York City Parks Department. A permit fee is paid to the New York City Board of Education for usage of the space. In-kind revenue and expense are not being recognized for these spaces as there is no readily available marketplace for them and, as such, determining their value would be unfeasible.

NOTE 6 - SUBSEQUENT EVENTS

Extreme Kids evaluated December 31, 2013 financial statements for subsequent events through May 12, 2014, the date the financial statements were available to be issued. Extreme Kids is not aware of any subsequent events, which would require recognition or disclosure in the financial statements.