

EXTREME KIDS AND CREW, INC.

Financial Report

December 31, 2014

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statements of financial position of Extreme Kids and Crew, Inc. (the "Extreme Kids") as of December 31, 2014 and 2013 and the related statements of activities, cash flows and functional expenses for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the 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 review 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 review, 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 States of America.

Manger & Associate

April 27, 2015

EXTREME KIDS AND CREW, INC.

Statements of Financial Position

As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 38,586	\$ 52,561
Prepaid expenses	1,691	2,660
Property and equipment, net	<u>10,962</u>	<u>14,443</u>
Total assets	<u>\$ 51,239</u>	<u>\$ 69,664</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 3,008	\$ 8,551
Loans from related party	<u>10,000</u>	<u>50,000</u>
Total liabilities	<u>13,008</u>	<u>58,551</u>
NET ASSETS		
Unrestricted	<u>38,231</u>	<u>11,113</u>
Total net assets	<u>38,231</u>	<u>11,113</u>
Total liabilities and net assets	<u>\$ 51,239</u>	<u>\$ 69,664</u>

See accompanying notes and independent accountants' review report.

EXTREME KIDS AND CREW, INC.

Statements of Activities

For the years ended December 31, 2014 and 2013

	2014	2013
	<u>Unrestricted</u>	<u>Unrestricted</u>
REVENUES AND SUPPORT:		
Grants and contributions	\$ 272,264	\$ 152,593
Program income	12,633	12,580
In-kind legal contribution	7,135	-
Special event	5,379	2,229
Miscellaneous income	-	545
Investment income	11	17
	<u>297,422</u>	<u>167,964</u>
Expenses:		
Program services	223,674	159,919
Supporting services:		
Management and general	29,213	18,784
Fundraising	17,417	5,548
Total expenses	<u>270,304</u>	<u>184,251</u>
Change in net assets	27,118	(16,287)
Net assets, beginning of year	<u>11,113</u>	<u>27,400</u>
Net assets, end of the year	<u>\$ 38,231</u>	<u>\$ 11,113</u>

See accompanying notes and independent accountants' review report.

EXTREME KIDS AND CREW, INC.

Statements of Functional Expenses

For the years ended December 31, 2014 and 2013

	Supporting Services		2014 Total	Supporting Services		2013 Total
	Programs Services	Management and General		Fundraising	Management and General	
Salaries	\$ 152,520	\$ 12,000	\$ 168,520	\$ 106,892	\$ 6,805	\$ 115,965
Payroll taxes and fringe benefits	22,722	2,901	26,591	12,996	1,237	14,646
Total salaries and related expenses	175,242	14,901	195,111	119,888	8,042	130,611
Other expenses:						
Contract services	21,668	-	21,668	18,180	-	18,180
Professional fees (including in-kind of of \$7,135 for 2014)	-	10,228	10,228	-	6,025	6,025
Event expense	-	-	10,110	-	-	1,446
Office and miscellaneous	5,623	1,147	7,137	2,417	588	3,153
Occupancy	4,426	830	5,533	8,468	1,588	10,586
Program supplies and equipment	5,110	-	5,110	3,628	253	3,965
Telephone and internet	3,649	684	4,561	1,831	343	2,288
Bank and payroll fees	1,368	1,086	2,550	925	1,896	2,879
Insurance	1,561	293	1,952	168	32	211
Fundraising brochures	-	-	1,272	-	-	470
Advertising	1,105	-	1,105	1,509	-	1,509
Depreciation	3,922	34	3,967	2,905	17	2,928
Total other expenses	48,432	14,312	75,193	40,031	10,742	53,640
Total expenses	\$ 223,674	\$ 29,213	\$ 270,304	\$ 159,919	\$ 18,784	\$ 184,251

EXTREME KIDS & CREW INC.

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 27,118	\$ (16,287)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	3,967	2,928
Changes in operating assets and liabilities:		
(Increase) decrease in grants and contributions receivable		10,400
Decrease (increase) in prepaid expenses	969	(2,660)
(Decrease) increase in accounts payable and accrued expenses	<u>(5,543)</u>	<u>7,450</u>
Net cash (used by) provided by operating activities	<u>26,511</u>	<u>1,831</u>
Cash flows (used) in investing activities:		
Purchase of property and equipment	<u>(486)</u>	<u>(9,438)</u>
Net cash (used in) investing activities	<u>(486)</u>	<u>(9,438)</u>
Cash flows (used in) provided by financing activities:		
Loans forgiven by related party	(50,000)	-
Loans from related party	<u>10,000</u>	<u>30,000</u>
Net cash (used in) provided by financing activities	<u>(40,000)</u>	<u>30,000</u>
Net (decrease) increase in cash and cash equivalents	(13,975)	22,393
Cash and cash equivalents, beginning of year	<u>52,561</u>	<u>30,168</u>
Cash and cash equivalents, end of year	<u>\$ 38,586</u>	<u>\$ 52,561</u>

See accompanying notes and independent accountants' review report.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 1 - ORGANIZATION

Extreme Kids and Crew, Inc. (the "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 creative and stress-free experience.

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

For Federal income tax purposes, the Extreme Kids is classified as a 501(c)(3) organization and is exempt under Section 509(a)(2) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The significant accounting policies are described below.

Basis of Presentation

The net assets of the Extreme Kids are reported as follows:

Unrestricted

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of the Foundation.

Temporarily Restricted

Temporarily restricted net assets include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Extreme Kids had no temporarily restricted net assets as of December 31, 2014 and 2013.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 2 - (continued)

Permanently Restricted

Permanently restricted net assets include funds that have been restricted by the donor to be held in perpetuity. Extreme Kids did not have any permanently restricted net assets as of December 31, 2014 and 2013.

Cash and cash equivalents

Extreme Kids considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Grants and contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the contribution is made. Amortization of the discount is included in grants and contribution revenue.

Contract Revenue

Contract revenue is recorded when contract stipulated milestones are met.

Property and Equipment

Extreme Kids capitalizes property and equipment at cost. Depreciation of property and equipment is provided on the straight-line method over the expected useful lives of the assets as follows:

Furniture and equipment	5 years
Computers and software	5 years

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 2 - (continued)

Functional Expenses Allocations

The costs of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting service benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable basis.

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.

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 the Foundation'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.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2014 and 2013

**NOTE 3 - PROPERTY AND EQUIPMENT, NET AS OF
DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Program equipment	\$ 18,697	\$ 18,210
Office equipment	<u>1,143</u>	<u>1,143</u>
	19,840	19,353
Less: accumulated depreciation and	<u>(8,878)</u>	<u>(4,910)</u>
Total	<u>\$ 10,962</u>	<u>\$ 14,443</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$3,967 and \$2,928, respectively.

NOTE 4 – LOANS FROM RELATED PARTY

Extreme Kids has outstanding loans totaling \$10,000 as of December 31, 2014 and \$50,000 as of December 31, 2013 from a board member. These loans bear no interest and is payable on demand. During 2014, the board member forgave the December 31, 2013 loan balance of \$50,000, which was recorded as grant and contributions income.

NOTE 5 – COMMITMENTS

Extreme Kids has two playspaces which it leases on an annual, rent-free basis. These spaces are respectively owned by the New York City Board of Education and the New York City Parks Department. 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 its December 31, 2014 financial statements for subsequent events through April 27, 2015, 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