

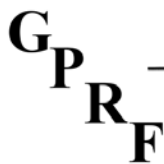
EXTREME KIDS AND CREW, INC.

Financial Report

December 31, 2019

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INDEPENDENT ACCOUNTANT'S 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, 2019 and 2018 and the related statements of activities, statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Gruber Palumberi Raffaele Fried, P.C.

Gruber Palumberi Raffaele Fried, P.C.

New York, NY
July 31, 2020

EXTREME KIDS AND CREW, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

ASSETS	2019	2018
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 289,711	\$ 257,027
Accounts receivable	46,902	35,350
Prepaid expenses and other assets	14,171	6,634
Security deposits	3,000	1,750
Property and equipment, net	<u>27,282</u>	<u>15,249</u>
TOTAL ASSETS	<u><u>\$ 381,066</u></u>	<u><u>\$ 316,010</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	<u>5,416</u>	<u>19,790</u>
 NET ASSETS		
Without donor restrictions	330,650	252,149
With donor restrictions	<u>45,000</u>	<u>44,071</u>
TOTAL NET ASSETS	<u>375,650</u>	<u>296,220</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 381,066</u></u>	<u><u>\$ 316,010</u></u>

See accompanying notes and independent accountant's review report.

EXTREME KIDS AND CREW, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>			<u>2018</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT						
Support from the public:						
Grants and contributions	\$ 468,242	\$ 45,000	\$ 513,242	\$ 442,443	\$ 47,499	\$ 489,942
Special event - net	95,593	-	95,593	86,310	-	86,310
Program services	7,635	-	7,635	16,915	-	16,915
In-kind donations	1,280	-	1,280	13,987	-	13,987
Investment and other income	89	-	89	73	-	73
Total revenue and support	<u>572,839</u>	<u>45,000</u>	<u>617,839</u>	<u>559,728</u>	<u>47,499</u>	<u>607,227</u>
Net assets released from restriction						
Satisfaction of program restriction	<u>44,071</u>	<u>(44,071)</u>	<u>-</u>	<u>51,428</u>	<u>(51,428)</u>	<u>-</u>
Total revenue and support	<u>616,910</u>	<u>929</u>	<u>617,839</u>	<u>611,156</u>	<u>(3,929)</u>	<u>607,227</u>
Expenses:						
Program services	420,697	-	420,697	408,292	-	408,292
Management and general	67,269	-	67,269	42,099	-	42,099
Fundraising general	50,443	-	50,443	59,136	-	59,136
Total expenses	538,409	-	538,409	509,527	-	509,527
CHANGE IN NET ASSETS	78,501	929	79,430	101,629	(3,929)	97,700
NET ASSETS, beginning of year,	<u>252,149</u>	<u>44,071</u>	<u>296,220</u>	<u>150,520</u>	<u>48,000</u>	<u>198,520</u>
NET ASSETS, end of year	<u>\$ 330,650</u>	<u>\$ 45,000</u>	<u>\$ 375,649</u>	<u>\$ 252,149</u>	<u>\$ 44,071</u>	<u>\$ 296,220</u>

See accompanying notes and independent accountant's review report.

EXTREME KIDS AND CREW, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR YEARS ENDED DECEMBER 31, 2019 and 2018

	Supporting Services				Supporting Services			
	Programs Services	Management and General	Fundraising	2019 Total	Programs Services	Management and General	Fundraising	2018 Total
Salaries	\$ 272,584	\$ 41,271	\$ 38,167	\$ 352,022	\$ 244,639	\$ 10,163	\$ 38,074	\$ 292,876
Payroll taxes and fringe benefits	<u>32,836</u>	<u>2,336</u>	<u>2,120</u>	<u>37,292</u>	<u>31,036</u>	<u>1,289</u>	<u>4,830</u>	<u>37,155</u>
Total salaries and related expenses	<u>305,420</u>	<u>43,607</u>	<u>40,287</u>	<u>389,314</u>	<u>275,675</u>	<u>11,452</u>	<u>42,904</u>	<u>330,031</u>
Other expenses:								
Program supplies and equipment (including in-kind of \$1,280 for 2019)	12,718	81	21	12,820	21,457	-	-	21,457
Contract services	34,203	1,814	175	36,192	47,151	12,950	9,000	69,101
Office and miscellaneous expense	8,210	6,170	9,508	23,888	9,394	1,897	4,756	16,047
Development training and outreach	8,512	300	-	8,812	14,587	1,835	-	16,422
Professional fees	-	13,149	-	13,149	2,937	11,500	-	14,437
Occupancy and storage	16,910	-	-	16,910	9,013	543	1,303	10,859
Small equipment and supplies	4,338	-	-	4,338	-	-	-	-
Depreciation	7,526	-	-	7,526	6,455	-	-	6,455
Advertising	3,249	-	-	3,249	4,777	-	-	4,777
Insurance	4,116	1,637	-	5,753	3,238	1,197	-	4,435
Permit and equipment rental fees	6,539	-	-	6,539	3,377	-	-	3,377
Travel	1,501	354	165	2,020	2,175	245	299	2,719
Telephone and internet	3,574	130	259	3,963	2,426	146	351	2,923
Repair and maintenance	2,322	-	-	2,322	2,028	-	-	2,028
Bank and payroll fees	<u>1,559</u>	<u>27</u>	<u>28</u>	<u>1,614</u>	<u>3,602</u>	<u>334</u>	<u>523</u>	<u>4,459</u>
Total other expenses	<u>115,277</u>	<u>23,662</u>	<u>10,156</u>	<u>149,095</u>	<u>132,617</u>	<u>30,647</u>	<u>16,232</u>	<u>179,496</u>
Total expenses	<u>\$ 420,697</u>	<u>\$ 67,269</u>	<u>\$ 50,443</u>	<u>\$ 538,409</u>	<u>\$ 408,292</u>	<u>\$ 42,099</u>	<u>\$ 59,136</u>	<u>\$ 509,527</u>

See accompanying notes and independent accountant's review report.

EXTREME KIDS AND CREW, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 79,430	\$ 97,700
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	7,526	6,455
Changes in operating assets and liabilities:		
(Increase) in grants and contributions receivable	(11,552)	(16,853)
(Increase) decrease in prepaid expenses	(7,537)	2,007
(Increase) in security deposit	(1,250)	(750)
(Decrease) increase in accounts payable and accrued expenses	(14,374)	3,185
NET CASH PROVIDED BY OPERATING ACTIVITIES	52,243	91,744
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(19,559)	(4,148)
NET CASH (USED IN) INVESTING ACTIVITIES	(19,559)	(4,148)
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,684	87,596
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	257,027	169,431
CASH AND CASH EQUIVALENTS AT - END OF YEAR	\$ 289,711	\$ 257,027

See accompanying notes and independent accountant's review report.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 1 - ORGANIZATION

At Extreme Kids & Crew, we cultivate welcoming, accessible spaces where children and teens with disabilities and their people create a supportive community through the arts, play and conversation. We seek to show people that disability is not to be feared, pitied or mindlessly exalted, but understood to be an inherent part of life. We achieve this by establishing and maintaining creative community centers that serve to connect and celebrate those with disabilities and the people in their lives.

The sources of financial support are from program 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 Accounting

Extreme Kids' policy is to prepare its financial statements on the accrual basis of accounting.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as 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.

Financial Statement Presentation

In accordance with generally accepted accounting principles, Extreme Kids is required to report information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Functional Expenses Allocations

The costs of providing the various programs and other activities of the organization 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. The salary of the executive director is allocated based on estimated time spent for each function.

Liquidity and Availability of Financial Resources

Extreme Kids regularly monitors liquidity to meet its cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designation, the nature of the underlying assets, external limitations exposed by donors or contracts with others.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject Extreme Kids to concentrations of credit risk consist primarily of cash and cash equivalents. Extreme Kids maintains cash and cash equivalent balances in various bank accounts that, at times, may exceed federally insured limits. Extreme Kids' cash accounts were placed with high credit quality financial institutions. Extreme Kids has not experienced, nor does it anticipate, any losses in such accounts.

Income Taxes

Extreme Kids follows 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 guidance does not have an impact on the organization'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 has 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, 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

New Authoritative Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs - Contracts with Customers (Subtopic 340-40). This ASU implements a single framework for revenue recognition ensuring that revenue is recognized in a manner which reflects the consideration to which the entity expects to be entitled to in exchange for goods and services.

This standard applies to exchanges transactions that many nonprofits currently have such as tuition, membership dues, licenses and royalties. While the standard clearly excludes contributions, further discussions are planned to address whether this impact government grants and contracts. Due to the COVID19 outbreak in the United states, on April 8, 2020, the FASB delayed implementation of ASC Topic 606, Revenue from Contracts with Customers for one year.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2019, and calendar year ended December 31, 2020. Extreme Kids and Crew, Inc is evaluating the impact of the new standard on the organization's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Due to the COVID19 outbreak in the United states, on April 8, 2020, the FASB delayed implementation of ASU No. 2016-02, Leases (Topic 842) for one year. The standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2020, and calendar year ended December 31, 2020. Extreme Kids and Crew, Inc does not believe this ASU No. 2016-02 will have a material impact on the financial statements.

**NOTE 3 – PROPERTY AND EQUIPMENT, NET AS OF
DECEMBER 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Program equipment	\$ 63,060	\$ 42,177
Office equipment	<u>4,344</u>	<u>5,667</u>
	67,404	47,844
Less: accumulated depreciation	<u>(40,122)</u>	<u>(32,595)</u>
Total	<u>\$ 27,282</u>	<u>\$ 15,249</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$7,526 and \$6,455, respectively.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects Extreme Kids' financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within six months of the balance sheet date. The primary sources of support are contributions. Most of that support is general support with no restrictions imposed.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)

A summary of financial assets available to meet cash needs for general expenditures within six months as of December 31, 2019 and 2018 are as follows:

	2019	2018
Cash and cash equivalents	\$ 289,711	\$ 257,027
Accounts receivable	<u>46,902</u>	<u>35,350</u>
	336,613	292,377
Less: Donor restricted funds	<u>(45,000)</u>	<u>(44,071)</u>
Financial assets available to meet cash needs for general expenditures within six months	<u>\$ 291,613</u>	<u>\$ 248,306</u>

NOTE 5 – IN-KIND CONTRIBUTIONS

Extreme Kids' in-kind income consisted of the following:

	<u>2019</u>	<u>2018</u>
Donated goods or facilities	<u>1,280</u>	<u>13,987</u>
	<u>\$ 1,280</u>	<u>\$ 13,987</u>

NOTE 6 – COMMITMENTS

Extreme Kids currently operates three community play spaces within Title 1 public schools, respectively owned by the New York City Board of Education, for which it pays permit fees for use during programs. Extreme Kids entered into an agreement with the third location in the Bronx in May, respectively owned by the New York City Board of Education, and for which it pays permit fees for use during programs.

During the first half of the 2019 period and commencing on February 1, 2019, Extreme Kids entered into a desk space license agreement with Southwest Brooklyn Industrial Development Corporation for a six-month license fee in the amount of \$7,681.

On August 1, 2019, Extreme Kids entered into another desk space license agreement with SHARED Brooklyn for a monthly license fee of \$2,000 for a larger space with eight desks. All furnishings, desk space, internet and shared reception space, conference rooms, bathrooms, kitchen, and other areas are provided and included in the monthly fee.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2019 and 2018

NOTE 6 – COMMITMENTS (continued)

At December 31, 2019 and 2018, total desk, storage, and program space, recorded in the statements of functional expenses, under occupancy and storage, were \$16,910 and \$10,859, respectively. In addition to occupancy and storage expenses, other program space expenditures include permit fees in the amount of \$6,539 at December 31, 2019.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available to satisfy the following program restrictions at December 31, 2019 and 2018:

	Net Assets Released			
	<u>December 31, 2018</u>	<u>Contributions</u>	<u>From Restriction</u>	<u>December 31, 2019</u>
Purpose restricted	\$ 44,071	\$ 45,000	\$ (44,071)	\$ 45,000

	Net Assets Released			
	<u>December 31, 2017</u>	<u>Contributions</u>	<u>From Restriction</u>	<u>December 31, 2018</u>
Purpose restricted	\$ 48,000	\$ 47,499	\$ (51,428)	\$ 44,071

NOTE 8 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, Extreme Kids expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Extreme Kids evaluated its December 31, 2019 financial statements for subsequent events through July 31, 2020, 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.