

EXTREME KIDS AND CREW, INC.

Financial Report

December 31, 2017

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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, 2017 and 2016 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

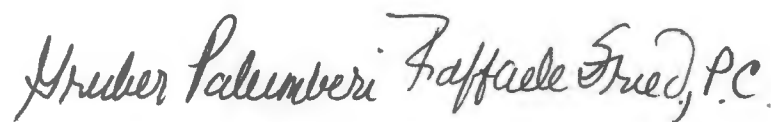
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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.

A handwritten signature in cursive script that reads "Gruber Palumberi Raffaele Fried, P.C.".

Gruber Palumberi Raffaele Fried, P.C.

April 12, 2018

EXTREME KIDS AND CREW, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 169,431	\$ 105,712
Accounts receivable	18,497	1,295
Prepaid expenses and other assets	8,641	6,937
Security deposits	1,000	-
Property and equipment, net	<u>17,556</u>	<u>19,009</u>
TOTAL ASSETS	<u><u>\$ 215,125</u></u>	<u><u>\$ 132,953</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	<u>16,605</u>	<u>21,047</u>
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NET ASSETS

Unrestricted	150,520	110,207
Temporarily restricted	<u>48,000</u>	<u>1,699</u>

TOTAL NET ASSETS	<u>198,520</u>	<u>111,906</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 215,125</u></u>	<u><u>\$ 132,953</u></u>
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See accompanying notes and independent accountant's review report.

EXTREME KIDS AND CREW, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
REVENUES AND SUPPORT						
Support from the public:						
Grants and contributions	\$ 390,161	\$ 93,000	\$ 483,161	331,910	\$ 39,800	\$ 371,710
Program services	20,747	-	20,747	29,720	-	29,720
In-kind donations	22,345	-	22,345	9,779	-	9,779
Special event	29,626	-	29,626	10,552	-	10,552
Investment and other income	42	-	42	29	-	29
Total revenue and support	462,921	93,000	555,921	381,990	39,800	421,790
Net assets released from restriction						
Satisfaction of program restriction	46,699	(46,699)	-	47,800	(47,800)	-
Total revenue and support	509,620	46,301	555,921	429,790	(8,000)	421,790
Expenses:						
Program services	390,953	-	390,953	338,276	-	338,276
Management and general	51,825	-	51,825	47,233	-	47,233
Fundraising general	26,529	-	26,529	24,796	-	24,796
Total expenses	469,307	-	469,307	410,305	-	410,305
CHANGE IN NET ASSETS	40,313	46,301	86,614	19,485	(8,000)	11,485
NET ASSETS, beginning of year,	110,207	1,699	111,906	90,722	9,699	100,421
NET ASSETS, end of year	\$ 150,520	\$ 48,000	\$ 198,520	\$ 110,207	\$ 1,699	\$ 111,906

See accompanying notes and independent accountant's review report.

EXTREME KIDS AND CREW, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEARS ENDED DECEMBER 31, 2017

	<u>2017</u>				<u>2016</u>			
		<u>Supporting Services</u>				<u>Supporting Services</u>		
	<u>Programs</u>	<u>Management</u>	<u>Fundraising</u>	<u>2017</u>	<u>Programs</u>	<u>Management</u>	<u>Fundraising</u>	<u>2016</u>
	<u>Services</u>	<u>and</u>		<u>Total</u>	<u>Services</u>	<u>and</u>		<u>Total</u>
		<u>General</u>				<u>General</u>		
Salaries	\$ 250,815	\$ 35,409	\$ 8,852	\$ 295,076	\$ 211,687	\$ 29,885	\$ 7,471	\$ 249,043
Payroll taxes and fringe benefits	38,899	5,492	1,373	45,764	34,054	4,808	1,202	40,064
Total salaries and related expenses	289,714	40,901	10,225	340,840	245,741	34,693	8,673	289,107
Other expenses:								
Program supplies and equipment (including in-kind of 22,344 for 2017)	28,538	-	-	28,538	30,066	1,173	293	31,532
Contract services	32,164	-	-	32,164	23,396	-	-	23,396
Professional fees		6,866	15,315	22,181	-	8,253	15,064	23,317
Office and miscellaneous	20,828	2,662	644	24,134	11,407	1,458	353	13,218
Occupancy	3,373	431	104	3,908	8,283	906	225	9,414
Telephone and internet	3,912	137	34	4,083	4,781	167	42	4,990
Advertising	1,257	-	-	1,257	3,926	-	-	3,926
Insurance	2,904	410	103	3,417	2,279	322	81	2,682
Bank and payroll fees	2,602	367	91	3,060	1,403	198	49	1,650
Depreciation	5,661	51	13	5,725	6,994	63	16	7,073
Total other expenses	101,239	10,924	16,304	128,467	92,535	12,540	16,123	121,198
Total expenses	\$ 390,953	\$ 51,825	\$ 26,529	\$ 469,307	\$ 338,276	\$ 47,233	\$ 24,796	\$ 410,305

See accompanying notes and independent accountant's review report.

EXTREME KIDS AND CREW, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 86,614	\$ 11,485
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	5,725	7,073
Changes in operating assets and liabilities:		
(Increase) decrease in grants and contributions receivable	(17,202)	8,366
(Increase) decrease in prepaid expenses	(1,705)	143
(Increase) in security deposit	(1,000)	-
(Decrease) Increase in accounts payable and accrued expenses	<u>(4,442)</u>	<u>17,316</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>67,990</u>	<u>44,383</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(4,271)</u>	<u>(18,012)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(4,271)</u>	<u>(18,012)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	63,719	26,371
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>105,712</u>	<u>79,341</u>
CASH AND CASH EQUIVALENTS AT - END OF YEAR	<u><u>\$ 169,431</u></u>	<u><u>\$ 105,712</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ -	\$ -

See accompanying notes and independent accountant's review report.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 1 - ORGANIZATION

Extreme Kids & Crew provides play spaces where children with disabilities and their families, connect, create and learn together. Through arts- and play-based programming, kids discover their talents and forge friendships. Our family education and advocacy services equip parents with the knowledge and emotional resources they need to advocate for their children and themselves. Extreme Kids & Crew envisions a world where those with disabilities, children and adults, no longer feel isolated or disrespected. A world where the public's perception of what it means to be disabled moves from inspiring or something to fear, to acknowledging individuals with complexity, worth and deserving of respect, as people with something to contribute to society.

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 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 organization.

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 AND CREW, INC.
Notes to Financial Statements
December 31, 2017 and 2016

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, 2017 and 2016.

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, 2016 and 2015

NOTE 2 - (continued)

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.

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.

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 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, 2014, 2015 and 2016 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, 2016 and 2015

**NOTE 3 – PROPERTY AND EQUIPMENT, NET AS OF
DECEMBER 31, 2017 and 2016**

	2017	2016
Program equipment	\$ 37,488	\$ 36,314
Office equipment	<u>5,667</u>	<u>2,570</u>
	43,155	38,884
Less: accumulated depreciation	<u>(25,599)</u>	<u>(19,875)</u>
Total	<u>\$ 17,556</u>	<u>\$ 19,009</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$5,725 and \$7,073, respectively.

NOTE 4 – IN-KIND CONTRIBUTIONS

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

	2,017	2,016
Legal services	\$ 5,000	\$ -
Donated goods	<u>17,345</u>	<u>9,779</u>
	<u>\$ 22,345</u>	<u>\$ 9,779</u>

NOTE 5 – COMMITMENTS

Extreme Kids has two play spaces 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.

EXTREME KIDS AND CREW, INC.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to satisfy the following program restrictions at December 31, 2017 and 2016:

	Net Assets Released			
	<u>December 31, 2016</u>	<u>Contributions</u>	<u>From Restriction</u>	<u>December 31, 2017</u>
Purpose restricted	\$ <u>1,699</u>	\$ <u>93,000</u>	\$ <u>(46,699)</u>	\$ <u>48,000</u>

	Net Assets Released			
	<u>December 31, 2015</u>	<u>Contributions</u>	<u>From Restriction</u>	<u>December 31, 2016</u>
Purpose restricted	\$ <u>9,699</u>	\$ <u>39,800</u>	\$ <u>(47,800)</u>	\$ <u>1,699</u>

NOTE 7 - SUBSEQUENT EVENTS

Extreme Kids evaluated its December 31, 2017 financial statements for subsequent events through April 12, 2018, 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.