

**EXTREME KIDS AND CREW, INC.**

Financial Report

December 31, 2018

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**GRUBER PALUMBERI RAFFAELE FRIED, P.C.**

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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, 2018 and 2017 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.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, in 2018, the Organization adopted Financial Accounting Board Accounting Standards Update ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). Our opinion is not modified with respect to these matters.

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

Gruber Palumberi Raffaele Fried, P.C.

New York, NY  
July 19, 2019

**EXTREME KIDS AND CREW, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>			
		<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$	257,027	\$ 169,431
Accounts receivable		35,350	18,497
Prepaid expenses and other assets		6,634	8,641
Security deposits		1,750	1,000
Property and equipment, net		<u>15,249</u>	<u>17,556</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<u><u>316,010</u></u>	<u><u>\$ 215,125</u></u>
 <b>LIABILITIES AND NET ASSETS</b>			
Accounts payable and accrued expenses		<u>19,790</u>	<u>16,605</u>
 <b>NET ASSETS</b>			
Without donor restrictions		252,149	150,520
With donor restrictions		<u>44,071</u>	<u>48,000</u>
<b>TOTAL NET ASSETS</b>		<u>296,220</u>	<u>198,520</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<u><u>316,010</u></u>	<u><u>\$ 215,125</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, 2018 AND 2017**

	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>REVENUES AND SUPPORT</b>						
Support from the public:						
Grants and contributions	\$ 442,443	\$ 47,499	\$ 489,942	\$ 390,161	\$ 93,000	\$ 483,161
Program services	16,915	-	16,915	20,747	-	20,747
In-kind donations	13,987	-	13,987	22,345	-	22,345
Special event - net	86,310	-	86,310	29,626	-	29,626
Investment and other income	73	-	73	42	-	42
<b>Total revenue and support</b>	<b>559,728</b>	<b>47,499</b>	<b>607,227</b>	<b>462,921</b>	<b>93,000</b>	<b>555,921</b>
<b>Net assets released from restriction</b>						
Satisfaction of program restriction	51,428	(51,428)	-	46,699	(46,699)	-
<b>Total revenue and support</b>	<b>611,156</b>	<b>(3,929)</b>	<b>607,227</b>	<b>509,620</b>	<b>46,301</b>	<b>555,921</b>
<b>Expenses:</b>						
Program services	408,292	-	408,292	390,953	-	390,953
Management and general	42,099	-	42,099	51,825	-	51,825
Fundraising general	59,136	-	59,136	26,529	-	26,529
<b>Total expenses</b>	<b>509,527</b>	<b>-</b>	<b>509,527</b>	<b>469,307</b>	<b>-</b>	<b>469,307</b>
<b>CHANGE IN NET ASSETS</b>	<b>101,629</b>	<b>(3,929)</b>	<b>97,700</b>	<b>40,313</b>	<b>46,301</b>	<b>86,614</b>
<b>NET ASSETS, beginning of year,</b>	<b>150,520</b>	<b>48,000</b>	<b>198,520</b>	<b>110,207</b>	<b>1,699</b>	<b>111,906</b>
<b>NET ASSETS, end of year</b>	<b>\$ 252,149</b>	<b>\$ 44,071</b>	<b>\$ 296,220</b>	<b>\$ 150,520</b>	<b>\$ 48,000</b>	<b>\$ 198,520</b>

See accompanying notes and independent accountant's review report.

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

	2018				2017			
		Supporting Services				Supporting Services		
	Programs Services	Management and General	Fundraising	2018 Total	Programs Services	Management and General	Fundraising	2017 Total
Salaries	\$ 244,639	\$ 10,163	\$ 38,074	\$ 292,876	\$ 250,815	\$ 35,409	\$ 8,852	\$ 295,076
Payroll taxes and fringe benefits	31,036	1,289	4,830	37,155	38,899	5,492	1,373	45,764
Total salaries and related expenses	275,675	11,452	42,904	330,031	289,714	40,901	10,225	340,840
Other expenses:								
Program supplies and equipment (including in-kind of \$13,987 for 2018)	21,457	-	-	21,457	28,538	-	-	28,538
Contract services	47,151	12,950	9,000	69,101	32,164	-	-	32,164
Office and miscellaneous expense	9,394	1,897	4,756	16,047	20,828	2,662	644	24,134
Development training and outreach	14,587	1,835	-	16,422	-	-	-	-
Professional fees	2,937	11,500	-	14,437	-	6,866	15,315	22,181
Occupancy	9,013	543	1,303	10,859	3,373	431	104	3,908
Depreciation	6,455	-	-	6,455	5,661	51	13	5,725
Advertising	4,777	-	-	4,777	1,257	-	-	1,257
Insurance	3,238	1,197	-	4,435	2,904	410	103	3,417
Permit and equipment rental fees	3,377	-	-	3,377	-	-	-	-
Travel	2,175	245	299	2,719	-	-	-	-
Telephone and internet	2,426	146	351	2,923	3,912	137	34	4,083
Repair and maintenance	2,028	-	-	2,028	-	-	-	-
Bank and payroll fees	3,602	334	523	4,459	2,602	367	91	3,060
Total other expenses	132,617	30,647	16,232	179,496	101,239	10,924	16,304	128,467
Total expenses	\$ 408,292	\$ 42,099	\$ 59,136	\$ 509,527	\$ 390,953	\$ 51,825	\$ 26,529	\$ 469,307

See accompanying notes and independent accountant's review report.

**EXTREME KIDS AND CREW, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 97,700	\$ 86,614
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	6,455	5,725
Changes in operating assets and liabilities:		
(Increase) in grants and contributions receivable	(16,853)	(17,202)
Decrease (increase) in prepaid expenses	2,007	(1,705)
(Increase) in security deposit	(750)	(1,000)
Increase (decrease) in accounts payable and accrued expenses	3,185	(4,442)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>91,744</u>	<u>67,990</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(4,148)</u>	<u>(4,271)</u>
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<u>(4,148)</u>	<u>(4,271)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	87,596	63,719
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>169,431</u>	<u>105,712</u>
<b>CASH AND CASH EQUIVALENTS AT - END OF YEAR</b>	<u><u>\$ 257,027</u></u>	<u><u>\$ 169,431</u></u>

See accompanying notes and independent accountant's review report.



**EXTREME KIDS AND CREW, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**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, 2018 and 2017**

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**NOTE 2 - (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

*Implementation of FASB ASU 2016-14*

During the year ended December 31, 2018, Extreme Kids implemented Financials Accounting Standards Board Accounting Standards Update ("FASB ASU) 2016-14. FASB ASU 2016-14 provides new and expanded guidance for financial reporting for not-for-profit entities. The implementation of FASB ASU 2016-14 has resulted in multiple changes to Extreme Kids' financial reporting. Net assets are now categorized in two categories; net assets with donor restrictions and net assets without donor restrictions. Extreme Kids had added additional disclosures related to its financial liquidity and the availability of financial assets for general expenditure within one year from each statement of financial statement date.



**EXTREME KIDS AND CREW, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**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. 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.

*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, 2015, 2016 and 2017 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, 2018 and 2017**

**NOTE 3 – PROPERTY AND EQUIPMENT, NET AS OF  
DECEMBER 31, 2018 and 2017**

	2018	2017
Program equipment	\$ 42,177	\$ 37,488
Office equipment	5,667	5,667
	47,844	43,155
Less: accumulated depreciation	(32,595)	(25,599)
Total	<u>\$ 15,249</u>	<u>\$ 17,556</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$6,455 and \$5,725, 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.

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

Cash and cash equivalents	\$ 257,027
Accounts receivable	35,350
	292,377
Less: Donor restricted funds	(44,071)
Financial assets available to meet cash needs for general expenditures within six months	<u>\$ 248,306</u>



**EXTREME KIDS AND CREW, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**NOTE 5 – IN-KIND CONTRIBUTIONS**

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

	<u>2018</u>	<u>2017</u>
Legal services	\$ -	\$ 5,000
Donated goods	<u>13,987</u>	<u>17,345</u>
	<u>\$ 13,987</u>	<u>\$ 22,345</u>

**NOTE 6 – COMMITMENTS**

Extreme Kids currently operates two 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 a desk space license agreement with Greendesk LLC on January 1, 2018 for a monthly fee of \$750. The fee raised to \$1,000 a month on December 1, 2018 with the inclusion of three more desks.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available to satisfy the following program restrictions at December 31, 2018 and 2017:

	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

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

**EXTREME KIDS AND CREW, INC.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**NOTE 8 - SUBSEQUENT EVENTS**

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. The license agreement for both locations includes use of office and desk space, furnishings, internet and shared reception space, conference rooms, bathrooms and other areas.

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 has entered into an agreement for a third location within a New York City Public School in the South Bronx, respectively owned by the New York City Board of Education, for which it will pay permit fees for use during programs. Programming is scheduled to begin in the 2019/20 school year.

Extreme Kids evaluated its December 31, 2018 financial statements for subsequent events through July 19, 2019, 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.