

**Stoked Mentoring, Inc.
Financial Statements
June 30, 2014**

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Independent Auditor's Report

To the Board of Directors of
Stoked Mentoring, Inc.

I have audited the accompanying financial statements of Stoked Mentoring, Inc., which comprise the Statement of Financial Position as of June 30, 2014, and the related Statements of Activities, Cash Flows and Functional Expenses for the year then ended, and the related notes to the financial statements.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stoked Mentoring, Inc., as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Stoked Mentoring, Inc.'s June 30, 2013 financial statements, and my report dated January 29, 2015 expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

June 17, 2015



Stoked Mentoring, Inc.
Statement of Financial Position
June 30, 2014
(With Summarized Financial Information for 2013)

Assets

	<u>2014</u>	<u>2013</u>
Current Assets		
Cash	\$ 119,863	\$ 70,205
Prepaid expenses	4,506	5,409
Pledges receivable	37,394	18,225
Program service fees and other receivables	-	11,725
Total Current Assets	<u>161,763</u>	<u>105,564</u>
Other Assets		
Security deposit	5,157	4,900
Property and equipment, net	11,574	3,921
Total Other Assets	<u>16,731</u>	<u>8,821</u>
Total Assets	<u>\$ 178,494</u>	<u>\$ 114,385</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 58,416	\$ 43,076
Total Current Liabilities	<u>58,416</u>	<u>43,076</u>
Net Assets		
Unrestricted	120,078	66,309
Temporarily restricted	-	5,000
Total Net Assets	<u>120,078</u>	<u>71,309</u>
Total Liabilities and Net Assets	<u>\$ 178,494</u>	<u>\$ 114,385</u>

See independent auditor's report and accompanying notes to the financial statements.

Stoked Mentoring, Inc.
Statement of Activities
For the Year Ended June 30, 2014
(With Summarized Financial Information for 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>2013</u>
Support and Revenue				
Contributions - cash	\$ 535,376	\$ -	\$ 535,376	\$ 497,206
Contributions - property, equipment and services	23,240	-	23,240	51,351
	<u>558,616</u>	<u>-</u>	<u>558,616</u>	<u>548,557</u>
Less: Direct costs of special events	(38,876)	-	(38,876)	(20,273)
	<u>519,740</u>	<u>-</u>	<u>519,740</u>	<u>528,284</u>
Program service income	69,241	-	69,241	68,744
	<u>588,981</u>	<u>-</u>	<u>588,981</u>	<u>597,028</u>
Net Assets released from restrictions: Satisfaction of program restrictions	5,000	(5,000)	-	-
	<u>593,981</u>	<u>(5,000)</u>	<u>588,981</u>	<u>597,028</u>
Expenses				
Program services	458,171	-	458,171	487,147
	<u>458,171</u>	<u>-</u>	<u>458,171</u>	<u>487,147</u>
Supporting services:				
General and administrative	41,511	-	41,511	56,466
Fund-raising	40,530	-	40,530	58,671
Total supporting services	<u>82,041</u>	<u>-</u>	<u>82,041</u>	<u>115,137</u>
	<u>540,212</u>	<u>-</u>	<u>540,212</u>	<u>602,284</u>
Total Expenses	<u>540,212</u>	<u>-</u>	<u>540,212</u>	<u>602,284</u>
Change in Net Assets	53,769	(5,000)	48,769	(5,256)
Beginning Net Assets	66,309	5,000	71,309	76,565
	<u>\$ 120,078</u>	<u>\$ -</u>	<u>\$ 120,078</u>	<u>\$ 71,309</u>

See independent auditor's report and accompanying notes to the financial statements.

Stoked Mentoring, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2014
(With Summarized Financial Information for 2013)

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 48,769	\$ (5,256)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,347	1,623
Donation of fixed assets	(10,000)	8,468
Disposal of property	-	20,324
(Increase) decrease in operating assets:		
Prepaid expenses	903	(5,409)
Pledges receivable	(19,169)	(18,225)
Program service fees and other receivables	11,725	(8,225)
Security deposit	(257)	(423)
Increase in operating liabilities:		
Accounts payable	15,340	22,737
Net cash provided by operating activities	<u>49,658</u>	<u>15,614</u>
Increase in Cash	49,658	15,614
Beginning Cash	70,205	54,591
Ending Cash	<u>\$ 119,863</u>	<u>\$ 70,205</u>
 Supplemental Disclosure of Cash Flow Information:		
Non-Cash Operating Activities:		
In-kind contributions of property and services	<u>\$ 23,240</u>	<u>\$ 51,351</u>

See independent auditor's report and accompanying notes to the financial statements.

Stoked Mentoring, Inc.
Statement of Functional Expenses
Year Ended June 30, 2014
(With Summarized Financial Information for 2013)

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Direct Costs of Special Events</u>	<u>Total 2014</u>	<u>2013</u>
	<u>General and Administrative</u>	<u>Fund- Raising</u>					
Salaries and wages	\$ 202,568	\$ 22,712	\$ -	\$ -	\$ 248,885	\$ 223,746	
Payroll taxes and employee benefits	33,808	3,793	-	-	41,539	47,455	
Travel, meals and entertainment	52,280	662	712	-	55,081	54,849	
Program and educational supplies	51,035	-	-	-	51,035	77,709	
Occupancy and utilities	42,032	4,295	-	-	50,786	39,395	
Professional fees	19,303	2,033	12,150	-	35,363	52,473	
Event production and other	-	864	16,294	-	17,157	12,841	
Insurance	13,201	1,481	200	-	16,420	10,063	
Advertising and marketing	10,306	1,072	38	-	12,530	2,091	
Bank expenses and other	7,594	852	-	-	9,331	5,639	
Catering	-	198	8,543	-	8,741	1,407	
Office supplies and other	6,858	757	-	-	8,403	44,063	
Telephone and internet expenses	6,394	605	-	-	7,628	7,007	
Payroll processing fees	5,321	597	-	-	6,538	10,293	
Storage	3,571	386	-	-	4,358	3,159	
Postage and mailings	1,492	80	939	-	2,594	2,136	
Depreciation	2,097	123	-	-	2,347	1,623	
Printing and reproduction	311	20	-	-	352	6,284	
Equipment	-	-	-	-	-	20,324	
	<u>458,171</u>	<u>40,530</u>	<u>38,876</u>	<u>38,876</u>	<u>579,088</u>	<u>622,557</u>	
Less: Direct costs of special events deducted from income on Statement of Activities	-	-	(38,876)	(38,876)	(38,876)	(20,273)	
Total Expenses	<u>\$ 458,171</u>	<u>\$ 40,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540,212</u>	<u>\$ 602,284</u>	

See independent auditor's report and accompanying notes to the financial statements.

Stoked Mentoring, Inc.
Notes to Financial Statements
June 30, 2014

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

STOKED Mentoring, Inc. (the Organization), is a not for profit organization whose mission is to promote personal development, academic achievement, and healthy living to under-served youth through action sports culture. Since its inception, the Organization has provided programs to over 3,500 youth in New York City and Los Angeles. The Organization uses the culture and lifestyle of snowboarding, skateboarding, and surfing to provide high potential youth from underserved communities with the skills, relationships, and experiences to close the opportunity gap.

Stoked Mentoring, Inc., was incorporated in the State of New York in 2005.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent revenues and expenses related to the operations and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purpose specifically stated by the donor. As of June 30, 2014 there were no temporarily restricted net assets.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on only related investments for general or specific purpose. As of June 30, 2014 there were no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less when purchased to be cash equivalents.

Stoked Mentoring, Inc.
Notes to Financial Statements
June 30, 2014

Note 1 - (Continued)

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in a major financial institution and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the same reporting period in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and / or nature of any donor restrictions. The Organization, has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Income is recognized on an accrual basis when earned.

Pledges and Program Fees Receivable

Pledges and program fees receivable are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. For the year ended June 30, 2014 the allowance for doubtful accounts was \$0.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation. Depreciation is provided on the straight line method over the estimated useful lives of the assets as follow:

Automobile	3 years
Equipment and furniture	5 years

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets, are capitalized.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for in the accompanying financial statement.

Stoked Mentoring, Inc.
Notes to Financial Statements
June 30, 2014

Note 1 - (Continued)

Tax Uncertainties

The Organization's policy is to record interest expense and penalties in operating expenses. For the year ended June 30, 2014, there was no interest and penalties expense recorded.

The Organization's Federal Forms 990 are open for examination for the years ended June 30, 2011 and thereafter.

Promises to Give

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefited.

Subsequent Events

In preparing these financial statements, Stoked Mentoring, Inc., has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 17, 2015, the date the financial statements were available to be issued.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide various services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Note 2 - Employee benefits

Stoked Mentoring, Inc., maintains a 401(k) retirement plan for the benefit of eligible employees. Contributions are made at the discretion of Stoked Mentoring, Inc. No employer contributions are made by Stoked Mentoring, Inc.

Stoked Mentoring, Inc.
Notes to Financial Statements
June 30, 2014

Note 3 - Property and Equipment

Property and equipment consist of:

Automobile	\$ 10,000
Office equipment and furniture	<u>6,738</u>
Property and equipment at cost	16,738
Less: accumulated depreciation	<u>(5,164)</u>
Property and Equipment, Net	<u>\$ 11,574</u>

Depreciation expense was \$2,347 for the year ended June 30, 2014.

Note 4 - Donated Property, Equipment and Services

Donated property, equipment and services consisted of:

Program materials	\$ 13,240
Automobile	<u>10,000</u>
Total	<u>\$ 23,240</u>

Note 5 - Commitments

Lease # 1

On March 19, 2012, the Organization entered into a lease for office space in New York under an operating lease that commenced April 15, 2012 and expired on April 14, 2014.

On March 11, 2014 the lease was renewed for an additional year which commenced April 15, 2014 and expired April 14, 2015.

As of June 30, 2014, future minimum annual lease obligations are:

Year ending June 30, 2015	<u>\$ 25,661</u>
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Rent expense for the year ended June 30, 2014 was \$32,097.

Lease #2

The Organization leases office space in California on a month to month basis.

Rent expense for the office space during the year ended June 30, 2014 was \$3,164.

Stoked Mentoring, Inc.
Notes to Financial Statements
June 30, 2014

Note 5 – (Continued)

Lease # 3

On December 10, 2014, the Organizer entered into a lease for office space in New York under an operating lease for a term of three years that commenced January 1, 2015 and expires on December 31, 2017.

As of June 30, 2014, future minimum annual lease obligations are:

Year ending June 30, 2015	\$ 20,400
2016	42,024
2017	44,364
2018	<u>22,740</u>
	<u>\$ 129,528</u>

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets by revenue source and changes therein for the year ended June 30, 2014, were as follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Releases From Restrictions</u>	<u>Balance June 30, 2014</u>
<u>Restricted as to purpose:</u>				
Second floor renovation	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>