

**Stoked Mentoring, Inc.  
Financial Statements  
June 30, 2015**

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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, 2015, 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, 2015, 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, 2014 financial statements, and my report dated June 17, 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, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

May 6, 2016



**Stoked Mentoring, Inc.**  
**Statement of Financial Position**  
**June 30, 2015**  
**(With Summarized Financial Information for 2014)**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 229,576	\$ 119,863
Prepaid expenses	3,435	4,506
Investments in marketable securities	18,814	-
Pledges receivable	16,500	37,394
Program service fees and other receivables	66,650	-
Total Current Assets	<u>334,975</u>	<u>161,763</u>
Other Assets		
Security deposit	6,800	5,157
Property and equipment, net	6,892	11,574
Total Other Assets	<u>13,692</u>	<u>16,731</u>
Total Assets	<u>\$ 348,667</u>	<u>\$ 178,494</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 61,604	\$ 58,416
Total Current Liabilities	<u>61,604</u>	<u>58,416</u>
Net Assets		
Unrestricted	287,063	120,078
Total Net Assets	<u>287,063</u>	<u>120,078</u>
Total Liabilities and Net Assets	<u>\$ 348,667</u>	<u>\$ 178,494</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, 2015**  
**(With Summarized Financial Information for 2014)**

	<u>2015</u>	<u>2014</u>
<b>Support and Revenue</b>		
Contributions - cash	\$ 846,253	\$ 535,376
Contributions - property, equipment and services	105,775	23,240
	<hr/> 952,028	<hr/> 558,616
Less: Direct costs of special events	(29,430)	(38,876)
	<hr/> 922,598	<hr/> 519,740
Program service income	137,623	69,241
Investment income	8,978	-
	<hr/> 1,069,199	<hr/> 588,981
<b>Total Support and Revenue</b>		
 <b>Expenses</b>		
Program services	<hr/> 751,437	<hr/> 458,171
Supporting services:		
General and administrative	53,259	41,511
Fund-raising	97,518	40,530
Total supporting services	<hr/> 150,777	<hr/> 82,041
Total Expenses	<hr/> 902,214	<hr/> 540,212
Change in Net Assets	166,985	48,769
Beginning Net Assets	120,078	71,309
Ending Net Assets	<hr/> <u>\$ 287,063</u>	<hr/> <u>\$ 120,078</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, 2015**  
**(With Summarized Financial Information for 2014)**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 166,985	\$ 48,769
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	4,682	2,347
Unrealized gain on investments	(8,952)	-
Donation of stocks	(9,862)	-
Donation of a car	-	(10,000)
(Increase) decrease in operating assets:		
Prepaid expenses	1,071	903
Pledges receivable	20,894	(19,169)
Program service fees and other receivables	(66,650)	11,725
Security deposit	(1,643)	(257)
Increase in operating liabilities:		
Accounts payable	3,188	15,340
Net cash provided by operating activities	<u>109,713</u>	<u>49,658</u>
Increase in Cash	109,713	49,658
Beginning Cash	119,863	70,205
Ending Cash	<u>\$ 229,576</u>	<u>\$ 119,863</u>
 <b>Supplemental Disclosure of Cash Flow Information:</b>		
<b>Non-Cash Operating Activities:</b>		
In-kind contributions of property and services	<u>\$ 105,775</u>	<u>\$ 23,240</u>

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



**Stoked Mentoring, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2015**  
**(With Summarized Financial Information for 2014)**

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total</u>
		<u>General and Administrative</u>	<u>Fund-Raising</u>	<u>Direct Costs of Special Events</u>	
	\$	\$	\$	\$	2014
Salaries and wages	304,409	27,349	33,690	-	365,448
Payroll taxes and employee benefits	35,910	3,461	3,894	-	43,265
Supplies and other	86,402	6,680	7,510	-	100,592
Program and educational supplies	90,324	-	-	-	90,324
Advertising and marketing	63,528	6,058	6,815	-	76,401
Occupancy and utilities	48,496	4,666	5,549	-	58,711
Professional fees	46,985	1,464	3,317	-	51,766
Bad debt	-	-	32,575	-	32,575
Travel, meals and entertainment	28,635	135	245	-	29,015
Insurance	20,567	1,391	1,565	-	23,523
Event production	-	-	-	20,051	20,051
Venue and catering	880	-	-	9,379	10,259
Payroll processing fees	6,245	602	677	-	7,524
Telephone and internet expenses	6,545	437	492	-	7,474
Bank expenses and other	5,704	531	597	-	6,832
Depreciation	3,900	350	432	-	4,682
Printing and reproduction	2,021	114	137	-	2,272
Postage and mailings	517	21	23	-	561
Storage	369	-	-	-	369
	751,437	53,259	97,518	29,430	931,644
Less: Direct costs of special events deducted from income on Statement of Activities	-	-	-	(29,430)	(29,430)
Total Expenses	\$ 751,437	\$ 53,259	\$ 97,518	\$ -	\$ 902,214
					\$ 540,212

**Gary S. Eisenkraft**  
Certified Public Accountant

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

**Stoked Mentoring, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015**

**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, 2015, 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, 2015, 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

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.

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**Stoked Mentoring, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 1 - (Continued)**

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.

Investments

Investments are recorded at fair value. Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Organization's financial statements.

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, 2015, 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.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentations.

See independent auditor's report



**Stoked Mentoring, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 1 - (Continued)**

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.

Tax Uncertainties

The Organization's policy is to record interest expense and penalties in operating expenses. For the year ended June 30, 2015, there was no interest and penalties expense recorded.

The Organization's Federal Forms 990 are open for examination for the years ended June 30, 2012 and thereafter.

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 May 6, 2016, 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, 2015**

**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>(9,846)</u>
Property and Equipment, Net	<u>\$6,892</u>

Depreciation expense was \$4,682 for the year ended June 30, 2015.

**Note 4 - Donated Property, Equipment and Services**

Donated property, equipment and services consisted of:

Program materials	\$40,830
Marketing	57,500
Equipment rental	1,445
Rental space	<u>6,000</u>
Total	<u>\$105,775</u>

**Note 5 - Commitments**

Lease #1

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

Rent expense for the office space during the year ended June 30, 2015 was \$6,000, which was donated by a company .

Lease #2

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, 2015, future minimum annual lease obligations are:

Year ending June 30, 2016	\$42,024
2017	44,364
2018	<u>22,740</u>
	<u>\$109,128</u>

Rent expense for this lease for the year ended June 30, 2015 was \$ 20,400.

See independent auditor's report

**Stoked Mentoring, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015**

**Note 6 – Investments**

The Organization's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by U.S. generally accepted accounting principles.

Level 1 assets have observable market prices.

Level 2 assets do not have observable prices, but have inputs that are based on observable prices.

Level 3 assets have inputs that do not have observable prices.

The Organization's Investments consist of the following at market value as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Large Cap US equities	\$18,814	\$ -	\$ -	\$18,814