

**Stoked Mentoring, Inc.**  
**Financial Statements**  
**June 30, 2017**

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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, 2017, and the related statements of activities, functional expenses and cash flows 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, 2017, 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, 2016 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my audit report dated February 10, 2017. In my opinion, the summarized comparative information presented herein, as of, and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

March 8, 2018



**Stoked Mentoring, Inc.**  
**Statement of Financial Position**  
**June 30, 2017**  
**(With Summarized Financial Information for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 130,227	\$ 187,662
Pledges and grants receivable	76,193	75,000
Program service fees and other receivables	1,275	26,070
Prepaid expenses	2,500	8,496
Program materials	50,412	-
Total Current Assets	<u>260,607</u>	<u>297,228</u>
Other Assets		
Security deposit	6,800	6,800
Property and equipment, net	-	2,738
Total Other Assets	<u>6,800</u>	<u>9,538</u>
Total Assets	<u>\$ 267,407</u>	<u>\$ 306,766</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 26,219	\$ 68,797
Total Current Liabilities	<u>26,219</u>	<u>68,797</u>
<b>Net Assets</b>		
Net Assets		
Unrestricted	241,188	237,969
Total Unrestricted Net Assets	<u>241,188</u>	<u>237,969</u>
Total Liabilities and Net Assets	<u>\$ 267,407</u>	<u>\$ 306,766</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, 2017**  
**(With Summarized Financial Information for 2016)**

	<b>Unrestricted <u>2017</u></b>	<b>Unrestricted <u>2016</u></b>
<b>Support and Revenue</b>		
Contributions - cash	\$ 797,387	\$ 731,740
Contributions - property, equipment and services	169,934	374,514
	<u>967,321</u>	<u>1,106,254</u>
Less: Direct costs of special events	(20,559)	(27,460)
	<u>946,762</u>	<u>1,078,794</u>
 Program service income	 111,017	 150,324
Realized loss on marketable securities	-	(1,554)
Investment income	31	93
 Total Support and Revenue	 <u>1,057,810</u>	 <u>1,227,657</u>
 <b>Expenses</b>		
Program services	<u>846,119</u>	<u>1,112,424</u>
Supporting services:		
General and administrative	142,947	103,219
Fund-raising	65,525	61,108
Total supporting services	<u>208,472</u>	<u>164,327</u>
 Total Expenses	 <u>1,054,591</u>	 <u>1,276,751</u>
 Change in Net Assets	 3,219	 (49,094)
 Beginning Net Assets	 237,969	 287,063
 Ending Net Assets	 <u>\$ 241,188</u>	 <u>\$ 237,969</u>

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



**Stoked Mentoring, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2017**  
**(With Summarized Financial Information for 2016)**

	Supporting Services					
	Program Services	General and Administrative	Fund- Raising	Direct Costs of Special Events	Total 2017	2016
Salaries and wages	\$ 428,643	\$ 38,393	\$ 63,261	\$ -	\$ 530,297	\$ 461,044
Payroll taxes and employee benefits	62,170	11,842	-	-	74,012	64,041
Program and educational supplies	168,760	-	-	-	168,760	417,204
Travel, meals and entertainment	64,684	12,025	-	-	76,709	79,736
Professional fees	15,538	38,272	-	-	53,810	70,925
Occupancy and utilities	34,888	11,630	-	-	46,518	55,630
Venue and catering	6,896	-	-	17,951	24,847	10,810
Telephone and internet expenses	19,790	2,199	-	-	21,989	14,565
Insurance	-	19,859	-	-	19,859	20,235
Supplies and other	14,236	3,083	-	-	17,319	12,360
Bank charges	9,281	3,094	-	-	12,375	6,996
Payroll processing fees	8,133	2,033	-	-	10,166	8,276
Advertising and marketing	6,388	-	2,130	-	8,518	23,232
Printing and reproduction	2,917	188	-	-	3,105	8,237
Depreciation	2,409	329	-	-	2,738	4,155
Event production	66	-	-	2,608	2,674	20,150
Postage and mailings	1,139	-	134	-	1,273	2,842
Storage	181	-	-	-	181	13
Interest expense	-	-	-	-	-	9,135
Bad debts	-	-	-	-	-	14,625
	846,119	142,947	65,525	20,559	1,075,150	1,304,211
Less: Direct costs of special events deducted from income on Statement of Activities	-	-	-	(20,559)	(20,559)	(27,460)
Total Expenses	\$ 846,119	\$ 142,947	\$ 65,525	\$ -	\$ 1,054,591	\$ 1,276,751

**Stoked Mentoring, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**  
**(With Summarized Financial Information for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 3,219	\$ (49,094)
Adjustments to reconcile changes in net assets to net cash used in (provided by) operating activities:		
Depreciation	2,738	4,154
Realized loss on marketable securities	-	1,554
(Increase) decrease in operating assets:		
Pledges and grants receivable	(1,193)	(58,500)
Program service fees and other receivables	24,795	40,580
Prepaid expenses	5,996	(5,061)
Program materials	(50,412)	-
(Decrease) increase in operating liabilities:		
Accounts payable	(42,578)	7,193
Net cash used in by operating activities	<u>(57,435)</u>	<u>(59,174)</u>
 <b>Cash Flows from Investing Activities</b>		
Proceeds from sales of marketable securities	-	17,260
Net cash provided by investing activities	<u>-</u>	<u>17,260</u>
Decrease in Cash	(57,435)	(41,914)
Beginning Cash	187,662	229,576
Ending Cash	<u>\$ 130,227</u>	<u>\$ 187,662</u>

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

**Stoked Mentoring, Inc.**  
**Notes to Financial Statements**  
**June 30, 2017**

**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, 2017, 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, 2017, 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 major financial institutions and in funds that are currently U.S. Federal government insured. Recoverability of investments is dependent on the performance of the issuer.

See independent auditor's report



**Stoked Mentoring, Inc.**  
**Notes to Financial Statements**  
**June 30, 2017**

**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.

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, Grants and Program Fees Receivable

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.

Pledges, grants and program fees receivable are stated at the amount management expects to collect from outstanding balances. 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 six months ended June 30, 2017, the allowance for doubtful accounts was \$0.

All pledges, grants and program fees receivable are expected to be collected within the current operating cycle of one year

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.

It is the policy of management to capitalize items with a cost of \$2,500 or more.

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, 2017**

**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.

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 March 8, 2018, 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.

Advertising Costs

The Organization expenses advertising costs as incurred. For the six months ended June 30, 2017, advertising expense was \$8,518 and is included in advertising and marketing on the statement of functional expenses.

**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, 2017**

**Note 3 - Property and Equipment**

Property and equipment consist of:

Automobile	\$ 10,000
Office equipment and furniture	4,106
Property and equipment, total	<u>14,106</u>
Less: accumulated amortization	<u>(14,106)</u>
Property and equipment, net	<u>\$ -</u>

Depreciation expense was \$2,738 for the year ended June 30, 2017.

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

Donated property, equipment and services consisted of:

Program materials	\$ 72,046
Services	<u>97,888</u>
Total	<u>\$ 169,934</u>

**Note 5 - Commitments**

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, 2017, future minimum annual lease obligations are:

Year ending: June 30, 2018	<u>\$ 22,920</u>
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Rent expense for this lease for the year ended June 30, 2017 was \$ 44,964 and is included in occupancy on the statement of functional expenses.