

MENTORKIDS USA
FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2021



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**MENTORKIDS USA
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YEAR ENDED JULY 31, 2021**

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
MentorKids USA
Scottsdale, Arizona

Management is responsible for the accompanying financial statements of MentorKids USA, which comprise the balance sheet as of July 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
January 10, 2022



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MENTORKIDS USA
BALANCE SHEET
JULY 31, 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

ASSETS

ASSETS

Cash and Cash Equivalents	\$ 679,607
Pledges Receivable	69,888
Prepaid Expenses	<u>12,681</u>
Total Assets	<u><u>\$ 762,176</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 48,750
Accrued Expenses	21,896
Total Liabilities	<u>70,646</u>

NET ASSETS

Without Donor Restrictions	657,434
With Donor Restrictions	<u>34,096</u>
Total Net Assets	<u><u>691,530</u></u>
Total Liabilities and Net Assets	<u><u>\$ 762,176</u></u>

See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 878,229	\$ 34,096	\$ 912,325
Interest Income	488	-	488
Other Income	3,056	-	3,056
Forgiveness of Paycheck Protection Program Loan	111,230	-	111,230
Net Assets Released from Restriction	66,392	(66,392)	-
Total Operating Support and Revenue	1,059,395	(32,296)	1,027,099
OPERATING EXPENSES			
Program Services	646,238	-	646,238
Support Services:			
Management and General	153,845	-	153,845
Fundraising	117,515	-	117,515
Total Support Services	271,360	-	271,360
Total Operating Expense	917,598	-	917,598
CHANGE IN NET ASSETS	141,797	(32,296)	109,501
Net Assets - Beginning of Year	515,637	66,392	582,029
NET ASSETS - END OF YEAR	\$ 657,434	\$ 34,096	\$ 691,530

See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Support Services				Total
	Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Wages	\$ 446,546	\$ 84,508	\$ 49,750	\$ 134,258	\$ 580,804
Payroll Tax	44,301	7,072	4,111	11,183	55,484
Benefits	19,963	11,037	7,832	18,869	38,832
Total Salaries, Wages, and Related Expenses	510,810	102,617	61,693	164,310	675,120
Professional and Outside Services	2,449	23,267	5,105	28,372	30,821
Bank Charges	-	61	12,330	12,391	12,391
Insurance	11,125	9,634	-	9,634	20,759
Fingerprinting and Background Checks	1,082	1,974	-	1,974	3,056
Gifts and Recognition	-	36	479	515	515
Program Events and Activities	80,171	1,014	10,793	11,807	91,978
Membership and Mileage	1,169	2,310	2,378	4,688	5,857
Miscellaneous	-	74	-	74	74
Rent	22,441	1,669	-	1,669	24,110
Printing and Postage	3,011	862	6,900	7,762	10,773
Promotional Materials	3,984	262	3,149	3,411	7,395
Staff Development	3,297	650	-	650	3,947
Supplies	3,399	5,915	-	5,915	9,314
Telecommunications	3,300	3,498	-	3,498	6,798
Unfulfilled Pledges	-	-	14,690	14,690	14,690
Total Expenses	<u>\$ 646,238</u>	<u>\$ 153,845</u>	<u>\$ 117,515</u>	<u>\$ 271,360</u>	<u>\$ 917,598</u>

See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 2021
(SEE ACCOUNTANTS' COMPILATION REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 109,501
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Unfulfilled Pledges	14,690
Forgiveness of Paycheck Protection Program Loan	(111,230)
(Increase) Decrease in Assets:	
Pledges Receivable	(4,584)
Prepaid Expenses	1,188
Increase (Decrease) in Liabilities:	
Accounts Payable	8,009
Accrued Expenses	4,881
Net Cash Provided by Operating Activities	<u>22,455</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

22,455

Cash and Cash Equivalents - Beginning of Year

657,152

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 679,607

See accompanying Notes to Financial Statements.

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

MentorKids USA (the Organization) was formed in December 1996 under the laws of the state of Arizona. MentorKids USA is a Christian based organization that equips and empowers youth to be transformative leaders in their lives, their families, and their communities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At times, the Organization's cash and cash equivalent balances may exceed federal deposit insurance limits.

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. An allowance is provided for pledges receivable when a pattern of uncollectibility has occurred. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are stated at cost at date of acquisition, or fair market value at date of donation in the case of donated property. Property and equipment is depreciated over the lives of the assets using the straight-line method. Leasehold improvements are depreciated over the shorter of the lease term or their estimated useful life. Donated assets are carried at the approximate fair value of the date of donation.

As of July 31, 2021, all property and equipment is fully depreciated.

Intangible Assets

Intangible assets consist of the costs to develop a trademark and website for the Organization. The total costs of the projects are amortized on a straight-line basis.

As of July 31, 2021, all intangible assets are fully amortized.

In-Kind Contributions

Donated items are recorded at estimated fair value at date of receipt.

Volunteers have donated 2,675 hours of time to the Organization's programs. These volunteer hours have not been recorded in the financial statements as they do not qualify for recording under accounting standards guidelines.

Functional Expenses

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated on the best estimates of management.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and similar Arizona statutes. The Organization is not deemed a private foundation and contributions to the Organization are considered tax deductible.

The Organization follows the income tax standard for uncertain tax positions. Under this standard, the Organization recognized no liability for uncertain tax positions.

Adoption of Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issues six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization's financial statements reflect the adoption of ASU 2014-09 guidance beginning in fiscal year 2021. The adoption of 2014-09 did not impact the Organization's reported revenue.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization monitors liquidity regularly through the bi-monthly financial package provided to the board. The Organization's goal is to achieve 6 months to 12 months of liquidity. Financial assets available to meet cash needs for general expenditures within one year are \$740,409.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consist of the following at July 31, 2021:

Receivable in Less than One Year	\$ 60,802
Receivable in One to Five Years	9,086
Total Pledges Receivable	<u>69,888</u>
Less: Allowance for Uncollectible Accounts	-
Net Pledges Receivable	<u><u>\$ 69,888</u></u>

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021

NOTE 4 NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to the Passage of Time:

Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	<u>\$ 34,096</u>
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NOTE 5 PAYCHECK PROTECTION PROGRAM NOTE PAYABLE

During the year ended July 31, 2020, the Organization applied for and was approved a \$111,230 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan accrued interest at 1%, but payments were not required to begin for six months after the funding of the loan. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The Foundation was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the United States federal government. The Organization received forgiveness of the loan during the year ended July 31, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 6 SIMPLE IRA PLAN

The Organization has established a savings incentive match plan for employees (SIMPLE). The Organization matches full-time employee's elective contributions to the IRA account up to 3% of the employee's compensation. The Organization's expense for the plan during the year ended July 31, 2021 was \$4,747.

NOTE 7 LEASE COMMITMENTS

The Organization leases office and program space on a month-to-month basis. Total rent expense was \$24,110 for the year ended July 31, 2021.

NOTE 8 CONCENTRATIONS

During the year ended July 31, 2021, the Organization received approximately 34% of its total revenue from three donors.

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2021

NOTE 9 COMMITMENTS AND CONTINGENCIES

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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