

**MENTORKIDS USA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2016**

**MENTORKIDS USA  
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YEAR ENDED MARCH 31, 2016**

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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 March 31, 2016, 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  
July 21, 2016

**MENTORKIDS USA**  
**BALANCE SHEET**  
**MARCH 31, 2016**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	53,800
Pledges Receivable, Current		72,083
Prepaid Expenses		163
Total Current Assets		126,046

**LONG TERM ASSETS**

Pledges Receivable, Long-Term		29,890
Property and Equipment, Net		107
Intangible Assets, Net		73
Total Long Term Assets		30,070

Total Assets		\$ 156,116
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$	24,012
Accrued Expenses		3,015
Total Liabilities		27,027

**NET ASSETS**

Unrestricted		41,174
Temporarily Restricted		87,915
Total Net Assets		129,089

Total Liabilities and Net Assets		\$ 156,116
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**MENTORKIDS USA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2016**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Unrestricted	Temporarily Restricted	Total
<b>OPERATING SUPPORT AND REVENUE</b>			
Contributions	\$ 397,913	\$ 171,027	\$ 568,940
Net Assets Released from Restriction	143,712	(143,712)	-
<b>Total Operating Support and Revenue</b>	<b>541,625</b>	<b>27,315</b>	<b>568,940</b>
<b>OPERATING EXPENSES</b>			
Program Services:			
Mentoring Programs	352,542	-	352,542
Support Services:			
Management and General	125,371	-	125,371
Fundraising	33,599	-	33,599
<b>Total Support Services</b>	<b>158,970</b>	<b>-</b>	<b>158,970</b>
<b>Total Operating Expense</b>	<b>511,512</b>	<b>-</b>	<b>511,512</b>
<b>CHANGE IN NET ASSETS</b>	30,113	27,315	57,428
Net Assets - Beginning	11,061	60,600	71,661
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 41,174</b>	<b>\$ 87,915</b>	<b>\$ 129,089</b>

See accompanying Notes to Financial Statements

**MENTORKIDS USA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2016**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Program Services	Support Services			Total
	Mentoring	Management and General	Fundraising	Total Support Services	
Salaries and Wages	\$ 229,255	\$ 47,237	\$ 17,208	\$ 64,445	\$ 293,700
Payroll Tax	20,340	5,932	-	5,932	26,272
Benefits	18,650	6,966	-	6,966	25,616
Total Salaries, Wages, and Related Expenses	268,245	60,135	17,208	77,343	345,588
Professional and Outside Services	15,710	18,620	960	19,580	35,290
Bank Charges	-	3,912	775	4,687	4,687
Insurance	252	14,141	-	14,141	14,393
Fingerprinting and Background Checks	468	195	-	195	663
Gifts and Recognition	56	508	-	508	564
Match Activities	578	-	-	-	578
Program Events and Activities	34,928	1,064	1,205	2,269	37,197
Membership and Mileage	13,657	2,757	7,771	10,528	24,185
Miscellaneous	8,567	943	-	943	9,510
Rent	-	11,272	-	11,272	11,272
Printing and Postage	608	1,326	2,879	4,205	4,813
Promotional Materials	99	671	2,801	3,472	3,571
Staff Development	427	993	-	993	1,420
Supplies	6,076	260	-	260	6,336
Telecommunications	2,871	7,600	-	7,600	10,471
Depreciation and Amortization	-	974	-	974	974
Total Expenses	<u>\$ 352,542</u>	<u>\$ 125,371</u>	<u>\$ 33,599</u>	<u>\$ 158,970</u>	<u>\$ 511,512</u>

See accompanying Notes to Financial Statements

**MENTORKIDS USA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2016**  
**(SEE ACCOUNTANTS' COMPILATION REPORT)**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 57,428
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	974
(Increase) Decrease in Assets:	
Pledges Receivable	(53,038)
Increase (Decrease) in Liabilities:	
Accounts Payable	(170)
Accrued Expenses	(434)
Net Cash Provided by Operating Activities	<u>4,657</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,657
Cash and Cash Equivalents - Beginning of Year	<u>49,143</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 53,800</u></u>

*See accompanying Notes to Financial Statements*

**MENTORKIDS USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

**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. The Organization's mission is to restore youth at risk of becoming chronic offenders, to youth with productive relationship with their families, communities and Creator through one-on-one mentoring.

**Financial Statement Presentation**

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

Unrestricted – Resources over which the board of directors has discretionary control. These resources are not subject to donor-imposed stipulations.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time. Temporarily restricted net assets received and expended in the same year are classified as unrestricted.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

As of March 31, 2016, the Organization had only unrestricted and temporarily restricted net assets.

**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.

**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.



**MENTORKIDS USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. 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.

**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.

**Contributions**

Unrestricted contributions are available for general organizational use and are recognized as unrestricted revenue. The Organization reports gifts of land, building and equipment, if any, as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**In-Kind Contributions**

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

Volunteers have donated 8,570 hours of time to the Organization's Promise Neighborhood concept. 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.

**MENTORKIDS USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Tax Status**

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code 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.

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable consist of the following at March 31, 2016:

Receivable in Less than One Year	\$ 72,083
Receivable in One to Five Years	29,890
Total Pledges Receivable	<u>101,973</u>
Less: Allowance for Uncollectible Accounts	-
Net Pledges Receivable	<u><u>\$ 101,973</u></u>

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment at March 31, 2016 consist of the following:

Furniture and Equipment	\$ 4,150
Less: Accumulated Depreciation	<u>(4,043)</u>
Property and Equipment, Net	<u><u>\$ 107</u></u>

**MENTORKIDS USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

**NOTE 4 INTANGIBLE ASSETS**

Intangible assets consist of the following as of March 31, 2016.

		Estimated Useful Lives
Trademark	\$ 25,686	10 years
Logo	957	10 years
Database Software	11,375	10 years
Website	5,883	10 years
Total Intangible Assets	43,901	
Less: Accumulated Amortization	(43,828)	
Net Intangible Assets	\$ 73	

**NOTE 5 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at March 31, 2016:

Restricted for Future Periods	\$ 87,915
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Net assets were released from restriction in the amounts of \$132,047 and \$11,665, respectively, when either the time period they were restricted to had passed or and when their purpose restriction (South Phoenix Mentoring Alliance) was met.

**NOTE 6 SIMPLE IRA PLAN**

The Organization established a savings incentive match plan for employees ("SIMPLE") in 2002. 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 was \$1,588.

**NOTE 7 LEASE COMMITMENTS**

The Organization leases office space on a month-to-month basis. Total rent expense was \$19,622 for the year ended March 31, 2016.

**NOTE 8 CONCENTRATIONS**

During the year, the Organization received approximately 37% of its total contributions from two donors.