

MENTORKIDS USA
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2012

**MENTORKIDS USA
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YEAR ENDED MARCH 31, 2012**

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CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
MentorKids USA
Scottsdale, Arizona

We have compiled the accompanying balance sheet of MentorKids USA as of March 31, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there were no material modifications that should be made to the financial statements.

As disclosed in Note 9 to the financial statements, an error was identified which resulted an increase in beginning temporarily restricted net assets and a decrease in beginning unrestricted net assets. Accordingly, adjustments have been made to properly reflect net assets as of April 1, 2011.

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP

Phoenix, Arizona
February 11, 2013

MENTORKIDS USA
BALANCE SHEET
MARCH 31, 2012
(SEE ACCOUNTANTS' COMPILATION REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 19,691
Pledges Receivable	35,000
Inventory	1,230
Prepaid Expenses	1,098
Total Current Assets	<u>57,019</u>

LONG TERM ASSETS

Property and Equipment, Net	1,291
Pledges Receivable, Net of Current Portion	70,000
Intangible Assets, Net	10,610
Total Long Term Assets	<u>81,901</u>

Total Assets	<u><u>\$ 138,920</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 9,515
Accrued Expenses	5,974
Total Liabilities	<u>15,489</u>

NET ASSETS

Unrestricted	18,431
Temporarily Restricted	105,000
Total Net Assets	<u>123,431</u>

Total Liabilities and Net Assets	<u><u>\$ 138,920</u></u>
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See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2012
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUE			
Public Support:			
Contributions	\$ 369,464	\$ 105,000	\$ 474,464
In-Kind Contributions	6,890	-	6,890
Total Public Support	376,354	105,000	481,354
Revenue:			
Other	7,109	-	7,109
Total Revenue	7,109	-	7,109
Net Assets Released from Restriction	35,000	(35,000)	-
Total Operating Support and Revenue	418,463	70,000	488,463
OPERATING EXPENSES			
Program Services:			
Mentoring Programs	331,936	-	331,936
Support Services:			
Management and General	41,060	-	41,060
Fundraising	21,633	-	21,633
Total Support Services	62,693	-	62,693
Total Operating Expense	394,629	-	394,629
CHANGE IN NET ASSETS	23,834	70,000	93,834
Net Assets - Beginning - As Previously Reported	29,597	-	29,597
Restatement	(35,000)	35,000	-
Net Assets - Beginning - As Restated	(5,403)	35,000	29,597
NET ASSETS - END OF YEAR	\$ 18,431	\$ 105,000	\$ 123,431

See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2012
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Program Services	Support Services			Total
	Mentoring	Management and General	Fundraising	Total Support Services	
		Total	Total	Total	
Salaries and Wages	\$ 205,641	\$ 28,909	\$ 3,029	\$ 31,938	\$ 237,579
Payroll Tax	13,224	1,824	152	1,976	15,200
Benefits	19,860	2,739	229	2,968	22,828
Total Salaries, Wages, and Related Expenses	238,725	33,472	3,410	36,882	275,607
Professional and Outside Services	4,326	551	541	1,092	5,418
Bank Charges	3,291	411	411	822	4,113
Insurance	8,421	2,095	524	2,619	11,040
Fingerprinting and Background Checks	77	-	-	-	77
Fundraising Fees	-	-	10,452	10,452	10,452
Gifts and Recognition	247	13	-	13	260
Grants and Scholarships	9,444	-	-	-	9,444
Match Activities	2,816	-	-	-	2,816
Program Events and Activities	13,196	160	2,177	2,337	15,533
Membership and Mileage	9,033	324	324	648	9,681
Miscellaneous	1,711	14	-	14	1,725
Rent	7,971	997	996	1,993	9,964
Printing and Postage	265	89	800	889	1,154
Promotional Materials	-	-	642	642	642
Staff Development	305	-	-	-	305
Supplies	11,665	1,400	273	1,673	13,338
Telecommunications	8,949	1,534	1,083	2,617	11,566
Depreciation and Amortization	4,604	-	-	-	4,604
Total Expense Before In-Kinds	325,046	41,060	21,633	62,693	387,739
In-Kind Expenses:					
Match Activities	6,890	-	-	-	6,890
 Total Expenses	 <u>\$ 331,936</u>	 <u>\$ 41,060</u>	 <u>\$ 21,633</u>	 <u>\$ 62,693</u>	 <u>\$ 394,629</u>

See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2012
(SEE ACCOUNTANTS' COMPILATION REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	93,834
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization		4,604
(Increase) Decrease in Assets:		
Pledges Receivable		(69,675)
Prepaid Expenses		515
Inventory		296
Increase (Decrease) in Liabilities:		
Checks Written in Excess of Cash		(4,564)
Accounts Payable		(5,550)
Accrued Expenses		817
Net Cash Provided by Operating Activities		20,277

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment		(586)
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NET INCREASE IN CASH AND CASH EQUIVALENTS

19,691

Cash and Cash Equivalents - Beginning of Year

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CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 19,691

See accompanying Notes to Financial Statements.

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012
(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 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, 2012, 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.

Inventories

Inventory consists of primarily of supplies for the annual golf tournaments and is stated at the lower of cost or market, determined by the first-in, first-out method.

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

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 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.

The Organization receives tickets and discounts for events, which are used in its match activities. These activities would have otherwise been purchased by the Organization, had they not been donated. Accordingly, the value of these donations for the year of \$6,890 has been recorded in the financial statements. In addition, volunteers have donated approximately 19,940 hours of time to the Organization's mentoring program. 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, 2012
(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 Council 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.

As of March 31, 2012, the Organization's fiscal year 2009 through 2011 tax returns are open for examination by the IRS.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consist of the following at March 31, 2012:

Receivable in Less than One Year	\$ 35,000
Receivable in One to Five Years	70,000
Total Pledges Receivable	<u>\$ 105,000</u>
Less: Allowance for Uncollectible Accounts	-
Net Pledges Receivable	<u><u>\$ 105,000</u></u>

NOTE 3 PROPERTY AND EQUIPMENT

Property and Equipment at March 31, 2012 consist of the following:

Furniture and Equipment	\$ 4,150	<u>Estimated</u> <u>Useful Lives</u>
Less: Accumulated Depreciation	(2,859)	3-5 years
Property and Equipment, Net	<u><u>\$ 1,291</u></u>	

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 4 INTANGIBLE ASSETS

Intangible assets consist of the following as of March 31, 2012.

		<u>Estimated Useful Lives</u>
Trademark	\$ 25,686	10 years
Logo	957	10 years
Database Software	11,375	10 years
Website	<u>5,883</u>	10 years
Total Intangible Assets	43,901	
Less: Accumulated Amortization	(33,291)	
Net Intangible Assets	<u><u>\$ 10,610</u></u>	

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at March 31, 2012:

South Phoenix Mentoring Alliance		<u><u>\$ 105,000</u></u>
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Net assets were released from restriction 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 \$824.

NOTE 7 LEASE COMMITMENTS

The Organization leases office space on a month-to-month basis. Total rent expense was \$9,964 for the year ended March 31, 2012.

NOTE 8 CONCENTRATIONS

During the year, the Organization received approximately 52% of its total contributions, excluding in-kind contributions, from two donors. One of those donors made up 100% of pledges receivable at year end.

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 9 CORRECTION OF ERROR

During the year ended March 31, 2012, an error related to the reporting of temporarily restricted net assets as of March 31, 2011 was noted. An adjustment has been made to increase temporarily restricted net assets and decrease unrestricted net assets by \$35,000 as of April 1, 2011.