

MENTORKIDS USA
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2013

**MENTORKIDS USA
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YEAR ENDED MARCH 31, 2013**

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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
MentorKids USA
Scottsdale, Arizona

We have compiled the accompanying balance sheet of MentorKids USA as of March 31, 2013 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.

CliftonLarsonAllen LLP

Phoenix, Arizona
October 28, 2013

MENTORKIDS USA
BALANCE SHEET
MARCH 31, 2013
(SEE ACCOUNTANTS' COMPILATION REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	8,289
Pledges Receivable		35,000
Prepaid Expenses		180
Total Current Assets		43,469

LONG TERM ASSETS

Property and Equipment, Net		969
Pledges Receivable, Net of Current Portion		35,000
Intangible Assets, Net		6,281
Total Long Term Assets		42,250

Total Assets	\$	85,719
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	13,338
Accrued Expenses		17,127
Total Liabilities		30,465

NET ASSETS

Unrestricted		(14,746)
Temporarily Restricted		70,000
Total Net Assets		55,254

Total Liabilities and Net Assets	\$	85,719
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See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2013
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUE			
Public Support:			
Contributions	\$ 328,977	\$ -	\$ 328,977
Net Assets Released from Restriction	35,000	(35,000)	-
Total Operating Support and Revenue	363,977	(35,000)	328,977
OPERATING EXPENSES			
Program Services:			
Mentoring Programs	294,142	-	294,142
Support Services:			
Management and General	94,338	-	94,338
Fundraising	8,674	-	8,674
Total Support Services	103,012	-	103,012
Total Operating Expense	397,154	-	397,154
CHANGE IN NET ASSETS	(33,177)	(35,000)	(68,177)
Net Assets - Beginning	18,431	105,000	123,431
NET ASSETS - END OF YEAR	\$ (14,746)	\$ 70,000	\$ 55,254

See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2013
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Program Services		Support Services			Total
	Mentoring	Management and General	Fundraising	Total Support Services		
				Total Support Services	Total	
Salaries and Wages	\$ 178,824	\$ 37,055	\$ -	\$ 37,055	\$ 215,879	
Payroll Tax	12,947	2,683	-	2,683	15,630	
Benefits	24,113	4,997	-	4,997	29,110	
Total Salaries, Wages, and Related Expenses	215,884	44,735	-	44,735	260,619	
Professional and Outside Services	28,825	8,860	120	8,980	37,805	
Bank Charges	194	3,764	-	3,764	3,958	
Insurance	1,367	11,462	-	11,462	12,829	
Fingerprinting and Background Checks	725	-	-	-	725	
Fundraising Fees	-	-	2,250	2,250	2,250	
Gifts and Recognition	42	366	-	366	408	
Grants and Scholarships	350	250	-	250	600	
Match Activities	1,461	-	-	-	1,461	
Program Events and Activities	23,231	898	5,030	5,928	29,159	
Membership and Mileage	5,135	1,913	-	1,913	7,048	
Miscellaneous	1,647	1,513	-	1,513	3,160	
Rent	-	10,759	-	10,759	10,759	
Printing and Postage	51	318	313	631	682	
Promotional Materials	40	104	602	706	746	
Staff Development	195	77	-	77	272	
Supplies	5,554	2,252	359	2,611	8,165	
Telecommunications	4,790	7,067	-	7,067	11,857	
Depreciation and Amortization	4,651	-	-	-	4,651	
Total Expense	294,142	94,338	8,674	103,012	397,154	
Total Expenses	\$ 294,142	\$ 94,338	\$ 8,674	\$ 103,012	\$ 397,154	

See accompanying Notes to Financial Statements.

MENTORKIDS USA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2013
(SEE ACCOUNTANTS' COMPILATION REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (68,177)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	4,651
(Increase) Decrease in Assets:	
Pledges Receivable	35,000
Prepaid Expenses	918
Inventory	1,230
Increase (Decrease) in Liabilities:	
Accounts Payable	3,823
Accrued Expenses	11,153
Net Cash Used by Operating Activities	(11,402)

NET DECREASE IN CASH AND CASH EQUIVALENTS (11,402)

Cash and Cash Equivalents - Beginning of Year 19,691

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 8,289

See accompanying Notes to Financial Statements.

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013
(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, 2013, 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, 2013
(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.

Volunteers have donated approximately 21,900 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, 2013
(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, 2013, 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, 2013:

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

NOTE 3 PROPERTY AND EQUIPMENT

Property and Equipment at March 31, 2013 consist of the following:

			Estimated Useful Lives
Furniture and Equipment	\$	4,150	<u>3-5 years</u>
Less: Accumulated Depreciation		(3,181)	
Property and Equipment, Net	\$	<u><u>969</u></u>	

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 4 INTANGIBLE ASSETS

Intangible assets consist of the following as of March 31, 2013.

		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	(37,620)	
Net Intangible Assets	\$ 6,281	

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at March 31, 2013:

South Phoenix Mentoring Alliance	\$ 70,000
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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 \$1,694.

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, 2013.

NOTE 8 CONCENTRATIONS

During the year, the Organization received approximately 31% of its total contributions, excluding in-kind contributions, from two donors. One donor made up 100% of the pledges receivable at year end.