

**MENTORKIDS USA**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2014**

**MENTORKIDS USA  
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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, 2014 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  
August 6, 2014

**MENTORKIDS USA**  
**BALANCE SHEET**  
**MARCH 31, 2014**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 24,298
Receivable	36,862
Prepaid Expenses	60
Total Current Assets	<u>61,220</u>

**LONG TERM ASSETS**

Property and Equipment, Net	647
Intangible Assets, Net	2,830
Total Long Term Assets	<u>3,477</u>

Total Assets	<u><u>\$ 64,697</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 13,903
Accrued Expenses	15,705
Total Liabilities	<u>29,608</u>

**NET ASSETS**

Unrestricted	89
Temporarily Restricted	35,000
Total Net Assets	<u>35,089</u>

Total Liabilities and Net Assets	<u><u>\$ 64,697</u></u>
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See accompanying Notes to Financial Statements.

**MENTORKIDS USA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2014**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Unrestricted	Temporarily Restricted	Total
<b>OPERATING SUPPORT AND REVENUE</b>			
Contributions	\$ 358,029	\$ -	\$ 358,029
Net Assets Released from Restriction	35,000	(35,000)	-
Total Operating Support and Revenue	393,029	(35,000)	358,029
<b>OPERATING EXPENSES</b>			
Program Services:			
Mentoring Programs	229,314	-	229,314
Support Services:			
Management and General	114,125	-	114,125
Fundraising	34,755	-	34,755
Total Support Services	148,880	-	148,880
Total Operating Expense	378,194	-	378,194
<b>CHANGE IN NET ASSETS</b>	14,835	(35,000)	(20,165)
Net Assets - Beginning	(14,746)	70,000	55,254
<b>NET ASSETS - END OF YEAR</b>	\$ 89	\$ 35,000	\$ 35,089

See accompanying Notes to Financial Statements.

**MENTORKIDS USA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2014**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Program Services	Support Services			Total
	Mentoring	Management and General	Fundraising	Total Support Services	
Salaries and Wages	\$ 116,007	\$ 41,336	\$ 18,750	\$ 60,086	\$ 176,093
Payroll Tax	8,318	3,225	1,365	4,590	12,908
Benefits	16,548	11,777	3,660	15,437	31,985
Total Salaries, Wages, and Related Expenses	140,873	56,338	23,775	80,113	220,986
Professional and Outside Services	39,834	17,414	500	17,914	57,748
Bank Charges	-	3,011	-	3,011	3,011
Insurance	-	13,957	-	13,957	13,957
Fingerprinting and Background Checks	960	-	-	-	960
Fundraising Fees	-	-	-	-	-
Gifts and Recognition	173	321	9	330	503
Grants and Scholarships	-	500	-	500	500
Match Activities	9,048	-	-	-	9,048
Program Events and Activities	12,417	368	1,905	2,273	14,690
Membership and Mileage	8,619	2,444	4,972	7,416	16,035
Miscellaneous	1,254	121	-	121	1,375
Rent	-	10,928	-	10,928	10,928
Printing and Postage	425	624	1,696	2,320	2,745
Promotional Materials	406	-	1,898	1,898	2,304
Staff Development	131	254	-	254	385
Supplies	9,697	536	-	536	10,233
Telecommunications	1,704	7,309	-	7,309	9,013
Depreciation and Amortization	3,773	-	-	-	3,773
<b>Total Expenses</b>	<b>\$ 229,314</b>	<b>\$ 114,125</b>	<b>\$ 34,755</b>	<b>\$ 148,880</b>	<b>\$ 378,194</b>

See accompanying Notes to Financial Statements.

**MENTORKIDS USA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2014**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (20,165)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	3,773
(Increase) Decrease in Assets:	
Pledges Receivable	33,138
Prepaid Expenses	120
Inventory	-
Increase (Decrease) in Liabilities:	
Accounts Payable	565
Accrued Expenses	(1,422)
Net Cash Provided by Operating Activities	<u>16,009</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	16,009
Cash and Cash Equivalents - Beginning of Year	<u>8,289</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 24,298</u></u>

See accompanying Notes to Financial Statements.

**MENTORKIDS USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**  
(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, 2014, 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, 2014**  
(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 19,371 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, 2014**  
(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, 2014, the Organization's fiscal year 2011 through 2013 tax returns are open for examination by the IRS.

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable consist of the following at March 31, 2014:

Receivable in Less than One Year	\$	36,862
Receivable in One to Five Years		-
Total Pledges Receivable		36,862
Less: Allowance for Uncollectible Accounts		-
Net Pledges Receivable	\$	36,862

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment at March 31, 2014 consist of the following:

		Estimated Useful Lives
Furniture and Equipment	\$ 4,150	3-5 years
Less: Accumulated Depreciation	(3,503)	
Property and Equipment, Net	\$ 647	

**MENTORKIDS USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

**NOTE 4 INTANGIBLE ASSETS**

Intangible assets consist of the following as of March 31, 2014.

		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	(41,071)	
Net Intangible Assets	\$ 2,830	

**NOTE 5 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at March 31, 2014:

South Phoenix Mentoring Alliance		\$ 35,000
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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 \$1,151.

**NOTE 7 LEASE COMMITMENTS**

The Organization leases office space on a month-to-month basis. Total rent expense was \$10,928 for the year ended March 31, 2014.

**NOTE 8 CONCENTRATIONS**

During the year, the Organization received approximately 36% of its total contributions, from one donor. Another donor made up 95% of the pledges receivable at year end.