

MENTORKIDS USA
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

**MENTORKIDS USA
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2017**

ACCOUNTANTS' COMPILATION REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEET	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6

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, 2017, 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
September 15, 2017

MENTORKIDS USA
BALANCE SHEET
MARCH 31, 2017
(SEE ACCOUNTANTS' COMPILATION REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	252,997
Pledges Receivable, Current		82,165
Allowance for Doubtful Accounts		(7,231)
Prepaid Expenses		122
Total Current Assets		328,053

LONG TERM ASSETS

Pledges Receivable, Long-Term		37,036
Property and Equipment, Net		-
Intangible Assets, Net		-
Total Long Term Assets		37,036

Total Assets		\$ 365,089
--------------	--	------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	25,817
Accrued Expenses		9,229
Total Liabilities		35,046

NET ASSETS

Unrestricted		218,073
Temporarily Restricted		111,970
Total Net Assets		330,043

Total Liabilities and Net Assets		\$ 365,089
----------------------------------	--	------------

MENTORKIDS USA
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2017
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 688,324	\$ 82,165	\$ 770,489
Interest Income	340	-	340
Net Assets Released from Restriction	58,110	(58,110)	-
Total Operating Support and Revenue	746,774	24,055	770,829
OPERATING EXPENSES			
Program Services:			
Promise Neighborhood Programs	409,213	-	409,213
Support Services:			
Management and General	101,234	-	101,234
Fundraising	59,428	-	59,428
Total Support Services	160,662	-	160,662
Total Operating Expense	569,875	-	569,875
CHANGE IN NET ASSETS	176,899	24,055	200,954
Net Assets - Beginning	41,174	87,915	129,089
NET ASSETS - END OF YEAR	\$ 218,073	\$ 111,970	\$ 330,043

See accompanying Notes to Financial Statements

MENTORKIDS USA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2017
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Program Services	Support Services			Total
	Mentoring	Management and General	Fundraising	Total Support Services	
Salaries and Wages	\$ 267,019	\$ 22,738	\$ 36,004	\$ 58,742	\$ 325,761
Payroll Tax	24,386	1,984	2,776	4,760	29,146
Benefits	25,122	3,657	3,502	7,159	32,281
Total Salaries, Wages, and Related Expenses	316,527	28,379	42,282	70,661	387,188
Professional and Outside Services	-	34,654	1,860	36,514	36,514
Bank Charges	364	3,386	1,144	4,530	4,894
Insurance	14,664	1,739	-	1,739	16,403
Fingerprinting and Background Checks	614	-	-	-	614
Gifts and Recognition	156	240	-	240	396
Match Activities	578	-	-	-	578
Program Events and Activities	37,005	508	654	1,162	38,167
Membership and Mileage	10,959	2,493	7,443	9,936	20,895
Miscellaneous	861	44	-	44	905
Rent	5,596	5,850	-	5,850	11,446
Printing and Postage	1,150	1,547	4,254	5,801	6,951
Promotional Materials	-	-	1,791	1,791	1,791
Staff Development	1,461	868	-	868	2,329
Supplies	15,677	250	-	250	15,927
Telecommunications	3,601	6,102	-	6,102	9,703
Depreciation and Amortization	-	180	-	180	180
Bad Debt Expense	-	14,994	-	14,994	14,994
Total Expenses	<u>\$ 409,213</u>	<u>\$ 101,234</u>	<u>\$ 59,428</u>	<u>\$ 160,662</u>	<u>\$ 569,875</u>

See accompanying Notes to Financial Statements

MENTORKIDS USA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017
(SEE ACCOUNTANTS' COMPILATION REPORT)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 200,954
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	180
(Increase) Decrease in Assets:	
Pledges Receivable	(9,997)
Increase (Decrease) in Liabilities:	
Accounts Payable	1,805
Accrued Expenses	6,214
Net Cash Provided by Operating Activities	<u>199,197</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

199,197

Cash and Cash Equivalents - Beginning of Year

53,800

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 252,997

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017
(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 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, 2017, 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, 2017
(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, 2017
(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, 2017:

Receivable in Less than One Year	\$ 82,165
Receivable in One to Five Years	37,036
Total Pledges Receivable	<u>119,201</u>
Less: Allowance for Uncollectible Accounts	(7,231)
Net Pledges Receivable	<u><u>\$ 111,970</u></u>

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2017 consist of the following:

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

MENTORKIDS USA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017
(SEE ACCOUNTANTS' COMPILATION REPORT)

NOTE 4 INTANGIBLE ASSETS

Intangible assets consist of the following as of March 31, 2017.

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

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at March 31, 2017:

Restricted for Future Periods	<u>\$ 111,970</u>
-------------------------------	-------------------

Net assets were released from restriction in the amounts of \$58,110 when the time period they were restricted to had passed.

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 \$4,263.

NOTE 7 LEASE COMMITMENTS

The Organization leases office space on a month-to-month basis. Total rent expense was \$20,931 for the year ended March 31, 2017.

NOTE 8 CONCENTRATIONS

During the year, the Organization received approximately 15% of its total contributions from one donor.