

**MENTORKIDS USA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**SIXTEEN-MONTH PERIOD ENDED JULY 31, 2018**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**MENTORKIDS USA  
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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 July 31, 2018, and the related statements of activities, functional expenses, and cash flows for the sixteen-month period 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.

The supplementary information contained in Balance Sheets and Statements of Activities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 8, 2019

**MENTORKIDS USA**  
**BALANCE SHEET**  
**JULY 31, 2018**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 384,548
Pledges Receivable, Current	40,852
Prepaid Expenses	15,401
Total Current Assets	440,801

**LONG-TERM ASSETS**

Pledges Receivable, Long-Term	20,950
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Total Assets	\$ 461,751
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**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 30,365
Accrued Expenses	10,585
Total Liabilities	40,950

**NET ASSETS**

Unrestricted	358,999
Temporarily Restricted	61,802
Total Net Assets	420,801

Total Liabilities and Net Assets	\$ 461,751
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**MENTORKIDS USA**  
**STATEMENT OF ACTIVITIES**  
**SIXTEEN-MONTH PERIOD ENDED JULY 31, 2018**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Unrestricted	Temporarily Restricted	Total
<b>OPERATING SUPPORT AND REVENUE</b>			
Contributions	\$ 1,013,271	\$ 51,075	\$ 1,064,346
Interest Income	1,646	-	1,646
Net Assets Released from Restriction	101,243	(101,243)	-
Total Operating Support and Revenue	1,116,160	(50,168)	1,065,992
<b>OPERATING EXPENSES</b>			
Program Services	644,658	-	644,658
Support Services:			
Management and General	155,995	-	155,995
Fundraising	174,581	-	174,581
Total Support Services	330,576	-	330,576
Total Operating Expense	975,234	-	975,234
<b>CHANGE IN NET ASSETS</b>	140,926	(50,168)	90,758
Net Assets - Beginning	218,073	111,970	330,043
<b>NET ASSETS - END OF PERIOD</b>	\$ 358,999	\$ 61,802	\$ 420,801

See accompanying Notes to Financial Statements.

**MENTORKIDS USA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**SIXTEEN-MONTH PERIOD ENDED JULY 31, 2018**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	Support Services				Total
	Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Wages	\$ 420,978	\$ 61,607	\$ 36,833	\$ 98,440	\$ 519,418
Payroll Tax	40,891	5,468	2,818	8,286	49,177
Benefits	30,342	11,613	7,971	19,584	49,926
Total Salaries, Wages, and Related Expenses	492,211	78,688	47,622	126,310	618,521
Professional and Outside Services	7,745	33,463	1,941	35,404	43,149
Bank Charges	-	7,779	-	7,779	7,779
Insurance	16,383	8,841	-	8,841	25,224
Fingerprinting and Background Checks	1,301	1,440	-	1,440	2,741
Gifts and Recognition	-	200	27	227	227
Match Activities	80	-	-	-	80
Program Events and Activities	62,105	610	1,218	1,828	63,933
Membership and Mileage	25,617	2,987	9,997	12,984	38,601
Miscellaneous	239	317	-	317	556
Rent	7,714	7,800	-	7,800	15,514
Printing and Postage	1,572	3,579	8,024	11,603	13,175
Promotional Materials	552	494	2,076	2,570	3,122
Staff Development	1,545	2,272	-	2,272	3,817
Supplies	22,214	748	115	863	23,077
Telecommunications	5,380	6,777	-	6,777	12,157
Bad Debt Expense	-	-	103,561	103,561	103,561
Total Expenses	<u>\$ 644,658</u>	<u>\$ 155,995</u>	<u>\$ 174,581</u>	<u>\$ 330,576</u>	<u>\$ 975,234</u>

See accompanying Notes to Financial Statements.

**MENTORKIDS USA**  
**STATEMENT OF CASH FLOWS**  
**SIXTEEN-MONTH PERIOD ENDED JULY 31, 2018**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 90,758
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Pledges Receivable	50,168
Prepaid Expenses	(15,279)
Increase (Decrease) in Liabilities:	
Accounts Payable	4,548
Accrued Expenses	1,356
Net Cash Provided by Operating Activities	<u>131,551</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	131,551
Cash and Cash Equivalents - Beginning of Period	<u>252,997</u>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u><u>\$ 384,548</u></u>

See accompanying Notes to Financial Statements.

**MENTORKIDS USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2018**  
(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. MentorKids USA is a Christian based organization that equips and empowers youth to be transformative leaders in their lives, their families, and their communities.

During 2018, the Organization changed its fiscal year-end from March 31 to July 31.

**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 July 31, 2018, 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**  
**JULY 31, 2018**  
(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.

As of July 31, 2018, all property and equipment is fully depreciated.

**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.

As of July 31, 2018, all intangible assets are fully amortized.

**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 5,780 hours of time to the Organization's programs. 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**  
**JULY 31, 2018**  
(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 (IRC) 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 July 31, 2018:

Receivable in Less than One Year	\$ 40,852
Receivable in One to Five Years	20,950
Total Pledges Receivable	<u>61,802</u>
Less: Allowance for Uncollectible Accounts	-
Net Pledges Receivable	<u>\$ 61,802</u>

**NOTE 3 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at July 31, 2018:

Restricted for Future Periods	<u>\$ 61,802</u>
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Net assets were released from restriction in the amounts of \$101,243 when the time period they were restricted to had passed.

**NOTE 4 SIMPLE IRA PLAN**

The Organization has established a savings incentive match plan for employees (SIMPLE). 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 sixteen-month period was \$7,575.

**MENTORKIDS USA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2018**  
**(SEE ACCOUNTANTS' COMPILATION REPORT)**

**NOTE 5 LEASE COMMITMENTS**

The Organization leases office space on a month-to-month basis. Total rent expense was \$15,514 for the sixteen-month period ended July 31, 2018.

**NOTE 6 CONCENTRATIONS**

During the sixteen-month period ended July 31, 2018, the Organization received approximately 11% of its total contributions from one donor.

**MENTORKIDS USA**  
**BALANCE SHEETS**  
**JULY 31, 2018 AND MARCH 31, 2018**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	<u>July 31, 2018</u>	<u>March 31, 2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 384,548	\$ 454,872
Pledges Receivable, Current	40,852	44,518
Prepaid Expenses	15,401	2,363
Total Current Assets	<u>440,801</u>	<u>501,753</u>
<b>LONG-TERM ASSETS</b>		
Pledges Receivable, Long-Term	<u>20,950</u>	<u>20,950</u>
Total Assets	<u><u>\$ 461,751</u></u>	<u><u>\$ 522,703</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 30,365	\$ 25,774
Accrued Expenses	<u>10,585</u>	<u>9,861</u>
Total Liabilities	40,950	35,635
<b>NET ASSETS</b>		
Unrestricted	358,999	421,600
Temporarily Restricted	<u>61,802</u>	<u>65,468</u>
Total Net Assets	<u>420,801</u>	<u>487,068</u>
Total Liabilities and Net Assets	<u><u>\$ 461,751</u></u>	<u><u>\$ 522,703</u></u>

**MENTORKIDS USA**  
**STATEMENTS OF ACTIVITIES**  
**PERIODS ENDING JULY 31, 2018 AND MARCH 31, 2018**  
(SEE ACCOUNTANTS' COMPILATION REPORT)

	4 Months Ended July 31, 2018			12 Months Ended March 31, 2018		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>OPERATING SUPPORT AND REVENUE</b>						
Contributions	\$ 179,920	\$ -	\$ 179,920	\$ 833,351	\$ 51,075	\$ 884,426
Interest Income	622	-	622	1,024	-	1,024
Net Assets Released from Restriction	3,666	(3,666)	-	97,577	(97,577)	-
Total Operating Support and Revenue	<u>184,208</u>	<u>(3,666)</u>	<u>180,542</u>	<u>931,952</u>	<u>(46,502)</u>	<u>885,450</u>
<b>OPERATING EXPENSES</b>						
Program Services	191,665	-	191,665	452,993	-	452,993
Support Services:						
Management and General	41,674	-	41,674	114,321	-	114,321
Fundraising	13,470	-	13,470	161,111	-	161,111
Total Support Services	<u>55,144</u>	<u>-</u>	<u>55,144</u>	<u>275,432</u>	<u>-</u>	<u>275,432</u>
Total Operating Expenses	<u>246,809</u>	<u>-</u>	<u>246,809</u>	<u>728,425</u>	<u>-</u>	<u>728,425</u>
<b>CHANGE IN NET ASSETS</b>	(62,601)	(3,666)	(66,267)	203,527	(46,502)	157,025
Net Assets - Beginning	<u>421,600</u>	<u>65,468</u>	<u>487,068</u>	<u>218,073</u>	<u>111,970</u>	<u>330,043</u>
<b>NET ASSETS - END OF PERIOD</b>	<u>\$ 358,999</u>	<u>\$ 61,802</u>	<u>\$ 420,801</u>	<u>\$ 421,600</u>	<u>\$ 65,468</u>	<u>\$ 487,068</u>



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Wealth Advisors, LLC, an SEC-registered investment advisor.