
MENTOR2YOUTH INC.

Financial Statements as of and
for the year ended December 31, 2016

WSR

Certified Public Accountants

Accounting. Tax. Advisory.

MENTOR2YOUTH INC.

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167 Little Lake Drive
P.O. Box 2389
Ann Arbor, MI 48106-2389
www.wsr-cpa.com - 734.662.2522

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Mentor2Youth Inc.
Ypsilanti, MI

We have reviewed the accompanying financial statements of Mentor2Youth, Inc. (a nonprofit organization), which comprise the Statement of Assets and Net Assets – cash basis as of December 31, 2016, and the related Statement of Revenue and Support, Expenses, and Changes in Net Assets– cash basis, and Statement of Functional Expenses – cash basis, for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review 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. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Respectfully,

WSR Certified Public Accountants, P.C.

Certified Public Accountants

Ann Arbor, Michigan
January 31, 2018

MENTOR2YOUTH INC.
STATEMENT OF ASSETS AND NET ASSETS – CASH BASIS
December 31, 2016

	<u>2016</u>
LIABILITIES	
Checks written in excess of cash balance	<u>\$ 2,797</u>
TOTAL LIABILITIES	<u><u>\$ 2,797</u></u>
NET ASSETS	
Unrestricted	<u>\$ (2,797)</u>
TOTAL NET ASSETS	<u><u>\$ (2,797)</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ -</u></u>

MENTOR2YOUTH INC.
STATEMENT OF REVENUE AND SUPPORT, EXPENSES AND CHANGES IN NET ASSETS – CASH BASIS
for the year ended December 31, 2016

	<u>UNRESTRICTED</u>
REVENUE AND SUPPORT	
Contributions and Grants	\$ 59,708
Special Events	4,704
Other Income	219
Program Fee Income	<u>1,999</u>
TOTAL REVENUE AND SUPPORT	<u>66,630</u>
EXPENSES	
Program service	50,139
Supporting services	
Management and general	32,481
Fundraising	<u>6,337</u>
TOTAL EXPENSES	<u>88,957</u>
DECREASE IN NET ASSETS	(22,327)
NET ASSETS AT BEGINNING OF YEAR	<u>19,530</u>
NET ASSETS AT END OF YEAR	<u><u>\$ (2,797)</u></u>

MENTOR2YOUTH INC.
STATEMENT OF FUNCTIONAL EXPENSES- CASH BASIS
For the year ended December 31, 2016,

	SUPPORTING SERVICES			2016 TOTALS
	PROGRAM SERVICE	MANAGEMENT AND GENERAL	FUND RAISING	
EXPENSES				
Advertising	647	\$ -	\$ -	\$ 647
Bank Fees	-	328	-	328
Business Registration Fees	-	20	-	20
Contract Labor	4,476	2,238	2,238	8,952
Event Expenses	-	-	3,581	3,581
Employees	23,423	11,747	-	35,170
Equipment Rental	-	2,737	-	2,737
Field Trips	3,213	-	-	3,213
Transportation	2,652	-	-	2,652
Gifts	-	150	75	225
Insurance	-	727	-	727
Miscellaneous	2,361	-	-	2,361
Meals	1,450	-	-	1,450
Memberships	-	643	-	643
Meetings	-	435	-	435
Payroll taxes	2,201	1,134	-	3,335
Penalties	195	-	-	195
Postage	-	276	276	552
Printing & Publications	166	166	167	499
Professiona Fees	-	1,800	-	1,800
Program Expenses	1,171	-	-	1,171
Program Supplies	2,871	-	-	2,871
Outside Services	-	1,322	-	1,322
Rent	-	3,889	-	3,889
Utilities	-	3,319	-	3,319
Software	5,313	-	-	5,313
Supplies	-	838	-	838
Website	-	712	-	712
TOTAL EXPENSES	\$ 50,139	\$ 32,481	\$ 6,337	\$ 88,957

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Mentor2Youth Inc. (the "Association") is a not-for-profit organization founded in 2011. The Association has served more than 350 disadvantaged youth in Washtenaw County by providing free personal and academic intervention programs to at-risk youth between the ages of 8 and 18. The Association's goal is to provide opportunities and programs that assist at-risk youth to grow personally, academically, and professionally.

Significant Accounting Policies

Basis of Presentation

The Association reports its information regarding financial position and activities in accordance with the guidance in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958, "Not-for-Profit Entities." Accordingly, it uses three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

The Association maintains its records on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Consequently, support and revenue are recognized when collected and expenses are recognized when they are paid.

Cash and Cash Equivalents

The Association considers checking, savings, and certificate investments with a maturity of six months or less to be cash equivalents whose carrying amount is a reasonable estimate of fair value.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Function Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Although the methods of allocation used are considered appropriate, other methods could be used that would produce a different amount.

Income Tax Status

The Association is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and similar statutes of the State of Michigan. The Association is not currently under examination by the Internal Revenue Service or state authorities, however, fiscal year 2013 and later remain open.

Advertising Costs

Advertising and promotion are expensed as incurred. Advertising expenses for the year ended December 31, 2016 were \$647.

Subsequent Events

Management has evaluated subsequent events through January 31, 2018, the date on which the financial statements were available to be issued.

NOTE 2 - DONATED MATERIALS AND SERVICES

The Association records the value of donated goods or services as memo items at their estimated values at the date of receipt when there is an objective basis available to measure fair value. Donated materials and services are not required to be recorded in the financial statements on the cash basis of accounting. The Association received \$18,000 in donated materials and services for the year ended December 31, 2016.

NOTE 3 - OPERATING LEASES

The Association leases its office space from Beal Properties under a one-year operating lease that requires monthly payments of \$309. The lease expires on September 30, 2017. Prior to this agreement, the association was making month to month payments to Beal Properties for \$300. Rent expense from these agreements totaled \$3,889 for the year ended December 31, 2016.

The Association leases a copy machine from Jadda Capital Leasing, LLC under a three-year operating lease that requires monthly payments of \$250. The lease expires on January 22, 2019. Equipment rental expense under this agreement was \$2,645.

Minimum future lease payments as of December 31, 2016 are as follows:

2017	\$ 2,781
2018	3,000
2019	<u>500</u>
Total	<u><u>\$ 6,281</u></u>