MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

Financial Statements (unaudited)
for the Year Ended December 31, 2017
and Independent Practitioners' Review Engagement Report

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

FINANCIAL STATEMENTS
DECEMBER 31, 2017
(unaudited)

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CHARTERED
PROFESSIONAL
ACCOUNTANTS

DURWARD JONES BARKWELL
& COMPANY LLP
Big enough to know. SMALL ENOUGH TO CARE.

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Directors of
Mentoring Juniors Kids Organization (MJKO):

We have reviewed the accompanying financial statements of Mentoring Juniors Kids Organization (MJKO) that comprise of the balance sheet as at December 31, 2017, and the statement of operations, changes in net assets, and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Mentoring Juniors Kids Organization (MJKO) as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants
April 5, 2018

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017
(unaudited)

	2017	2016
DONATION REVENUE		
Corporate contributions	**$ 131,473**	$ 168,117
Donations-in-kind (Note 2)	**814**	9,215
Government grants (Note 3)	**175,784**	40,720
Individual donors	**5,581**	5,128
	313,652	223,180
OTHER REVENUE		
Merchandise sales	**2,040**	608
Other income	**618**	2,441
	2,658	3,049
TOTAL REVENUE	**316,310**	226,229
CHARITABLE PROGRAM EXPENSES		
Advertising	**22**	144
Cost of merchandise sold (Note 1)	**3,035**	6,466
Facilities and equipment rentals	**1,055**	2,302
Insurance	**4,461**	5,073
Materials	**-**	541
Program delivery	**105,155**	106,068
Program wages	**122,660**	50,267
Telecommunications	**267**	1,685
Vehicle and travel	**2,757**	3,192
Volunteer development	**10,071**	3,737
	249,483	179,475
ADMINISTRATIVE EXPENSES		
Depreciation	**5,424**	3,168
Office and general	**555**	2,937
Parking and utilities	**-**	95
Professional fees	**3,118**	3,118
	9,097	9,318
TOTAL EXPENSES	**258,580**	188,793
EXCESS OF REVENUE OVER EXPENSES	**$ 57,730**	$ 37,436

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017
(unaudited)

	2017	2016
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	**$ 94,677**	$ 57,241
EXCESS OF REVENUES OVER EXPENSES	**57,730**	37,436
UNRESTRICTED NET ASSETS, END OF YEAR	**$ 152,407**	$ 94,677

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(unaudited)

	2017	2016
ASSETS		
Current assets		
Cash	**$ 159,812**	$ 89,401
Accounts receivable	**27,544**	39,645
Sales tax recoverable	**7,677**	9,224
Merchandise inventory	**3,096**	1,770
Prepaid expenses	**2,655**	1,939
	200,784	141,979
Equipment and vehicles (Note 4)	**15,358**	19,741
	$ 216,142	$ 161,720
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 6,859**	$ 6,217
Government remittances payable	**2,465**	427
Deferred revenue (Note 5)	**54,411**	60,399
	63,735	67,043
NET ASSETS		
Unrestricted	**152,407**	94,677
	$ 216,142	$ 161,720

Approved by the Board:

.... Director ....Director

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(unaudited)

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	**$ 57,730**	$ 37,436
Depreciation, an item not affecting cash	**5,424**	3,168
	63,154	40,604
Changes in non-cash operating assets and liabilities		
Accounts receivable	**12,101**	(23,958)
Sales tax receivable	**1,547**	(4,927)
Merchandise inventory	**(1,326)**	1,491
Prepaid expenses	**(716)**	7,029
Accounts payable and accrued liabilities	**642**	2,714
Government remittances	**2,038**	427
Deferred revenue	**(5,988)**	20,208
	71,452	43,588
INVESTING ACTIVITIES		
Purchase of equipment	**(1,041)**	(21,793)
INCREASE IN CASH	**70,411**	21,795
CASH, BEGINNING OF YEAR	**89,401**	67,606
CASH, END OF YEAR	**$ 159,812**	$ 89,401

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Purpose of the organization
Mentoring Juniors Kids Organization (MJKO) (the "Organization") was incorporated without share capital under the Ontario Corporations Act on October 22, 2010 and is a registered charity under the Canadian Income Tax Act. Its mandate is to shape and educate youth through the sport of non-contact boxing while providing mentoring and leadership training programs in a safe and caring learning environment.

The Organization is engaged primarily in three activities, which are as follows:

a) To educate youths by providing mentoring and leadership training programs.

b) To educate youths on the benefits of physical activity and healthy food choices.

c) To train police officers, students and community volunteers on the importance of community involvement in "at risk" areas.

Revenue recognition
The Organization recognizes contributions in accordance with the deferral method. Fundraising revenues, programs and workshops revenues and merchandise sales are recognized as they are earned. Contributed materials and services are recognized as revenue when a fair value can be reasonably estimated, when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. Corporate contributions and government grants are recognized as they are earned. The grants can be unrestricted or restricted contributions.

Unrestricted contributions represent funds available for general purpose use and reflect the transactions associated with the operating activities of the Organization. Unrestricted funds are recognized as revenue when received or receivable, if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

Restricted contributions that have been externally restricted to fund specific objectives and programs which relate to expenditures of future periods are recognized in the year in which the related expenses outlined by the funding restrictions are incurred.

Donated services
The work of the Organization is dependent on the services of volunteers to carry out its operations and fundraising activities. The value of donated services is not recognized in these statements, as the fair value can not be reasonably estimated.

Merchandise inventory
Merchandise inventory consists of boxing equipment and supplies, including gloves, wraps, pads, gym bags, mouth guards, winter hats and shirts. Inventory is valued at the lower of cost and current replacement cost. The cost of inventory includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is determined by using average cost. The amount of inventory expensed during the year ended December 31, 2017 was $3,035 (2016 - $6,466).

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION - continued

Equipment and vehicles
Equipment and vehicles are stated at cost. Equipment and vehicles are depreciated using the diminishing-balance method. The rates used are as follows:

Gym equipment	20%
Furniture and equipment	30%
Vehicle	30%
Computer equipment	55%

In the year of acquisition, depreciation is calculated at one-half the normal rates.

Long-lived assets
Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Financial instruments
(a) Measurement of financial instruments
The Organization initially measures its financial assets and financial liabilities at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributed to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable, and sales tax recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and government remittances payable.

(b) Impairment
Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

(a) the present value of the cash flows expected to be generated by the asset or group of assets;
(b) the amount that could be realized by selling the asset or group of assets;
(c) the net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION - continued

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for such items as determination of revenue recognition, allowances for accounts receivable, determination of useful life of equipment and vehicles and accrued liabilities.

2. DONATIONS-IN-KIND

During the year, the Organization received various donations in-kind which were recognized as donation revenue based on their fair value. The Organization received various miscellaneous items with an aggregate fair value of $814.

3. GOVERNMENT GRANTS

Included in government grants are donations received from the City of Toronto, Investing in Neighbourhoods in the amount of $19,667 (2016 - $12,822) with funds being used for program positions.

4. EQUIPMENT AND VEHICLES

		2017		2016	
	Annual Depreciation Rates	**Cost**	**Accumulated Depreciation**	Cost	Accumulated Depreciation
Gym equipment	20%	**$ 8,722**	**$ 2,442**	$ 8,722	$ 872
Furniture and equipment	30%	**4,960**	**3,749**	4,960	3,229
Vehicle	30%	**11,953**	**4,841**	11,953	1,793
Computer equipment	55%	**1,041**	**286**	-	-
		26,676	**11,318**	25,635	5,894
Net book value			**$ 15,358**		$ 19,741

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

NOTES TO THE FINANCIAL STATEMENTS
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5. DEFERRED REVENUE

Deferred revenue represents grants received by the Organization for the purpose of funding specific programs and initiatives that the Organization has been unable to utilize during the fiscal year. As at December 31, 2017, deferred revenue for which the related funding expenditures remain unspent are as follows:

	2017	2016
Balance, beginning of year	$ 60,399	$ 40,191
Deferred grants received during the year	167,540	107,400
Deferred grants included in income during the year	(173,528)	(87,192)
Balance, end of year	$ 54,411	$ 60,399

6. RELATED PARTY TRANSACTIONS

During the year, the Organization had the following related party transactions:

a) Received cash donations of $240 (2016 - $240) from members of the Board of Directors.

b) Received cash donations of $540 (2016 - $153) from an employee.

c) Received donations in-kind with a market value of $0 (2016 - $126) from members of the Board of Directors.

d) Program delivery expenses include fees of $46,394 (2016 - $42,246) paid to a corporation controlled by an employee for program management services.

All related party transactions were completed in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

NOTES TO THE FINANCIAL STATEMENTS
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7. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

Credit risk:
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable.

Other risks:
It is management's opinion that the Organization is not exposed to significant interest, market, currency or liquidity risks arising from its financial instruments.

8. INCOME TAXES

The Organization is exempt from income taxes by virtue of section 149(1)(l) of the Income Tax Act as a not-for-profit organization.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.