Financial Statements

Mentoring Juniors Kids Organization (MJKO)

For the Year Ended December 31, 2013

Unaudited - See Review Engagement Report

INDEX

Forbes Andersen

Forbes Andersen LLP *Chartered Accountants*
200-56 Temperance St., Toronto, ON Canada M5H 3V5
T. 416.947.0464 F. 416.364.8797
www.forbesandersen.com

REVIEW ENGAGEMENT REPORT

TO THE DIRECTORS OF
MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

We have reviewed the statement of financial position of Mentoring Juniors Kids Organization (MJKO) as at December 31, 2013 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussions related to information supplied to us by the organization.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

The comparative figures were neither audited nor reviewed.

Forbes Andersen LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
February 14, 2014

Mentoring Juniors Kids Organization (MJKO)

Statement of Financial Position as at December 31, 2013

Unaudited - See Review Engagement Report

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 23,136	$ 4,046
Accounts receivable (note 8)	312	100
Prepaid expenses	2,151	2,142
Sales tax receivable	1,367	1,207
Merchandise inventory (note 3)	6,069	5,824
	33,035	13,319
Capital Assets (note 5)	1,669	2,307
	$ 34,704	$ 15,626
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,090	$ 1,890
Net Assets		
Unrestricted	31,614	13,736
	$ 34,704	$ 15,626

The accompanying notes form an integral part of these financial statements.

Approved by the Board

"Brian Jollymore"______, Director

"Miranda Kamal"______, Director

Mentoring Juniors Kids Organization (MJKO)

Statement of Operations
For the year ended December 31, 2013
Unaudited - See Review Engagement Report

	2013	2012
Donation Revenue		
Donations - cash	$ 45,035	$ 12,367
Donations - in-kind (note 4)	6,133	32,214
	51,168	44,581
Other Revenue		
Programs and workshops	2,694	7,471
Fundraising	1,900	3,438
Merchandise sales	2,852	4,287
Other income	140	507
	7,586	15,703
Total Revenue	58,754	60,284
Charitable Program Expenses		
Advertising	400	482
Program delivery	17,352	33,699
Facilities and equipment rentals	1,396	1,661
Cost of goods sold (note 3)	1,209	2,441
Volunteer development	2,192	415
Vehicle and travel	4,436	3,007
Materials	1,190	992
Insurance	3,133	2,474
	31,308	45,171
Fundraising Expenses		
Advertising	9	168
Event supplies	1,342	1,941
	1,351	2,109
Administrative Expenses		
Amortization	1,537	1,273
Rent, parking and utilities	534	225
Office and general	307	692
Professional fees	3,301	-
Telecommunications	2,538	2,092
	8,217	4,282
Total Expenses	40,876	51,562
Excess of Revenues over Expenses	$ 17,878	$ 8,722

The accompanying notes form an integral part of these financial statements.

Mentoring Juniors Kids Organization (MJKO)
Statement of Changes in Net Assets
For the year ended December 31, 2013
Unaudited - See Review Engagement Report

	2013	2012
Unrestricted		
Balance - beginning of year	$ 13,736	$ 5,014
Excess of revenues over expenses	17,878	8,722
Balance - end of year	$ 31,614	$ 13,736

The accompanying notes form an integral part of these financial statements.

Mentoring Juniors Kids Organization (MJKO)

Statement of Cash Flows
For the year ended December 31, 2013
Unaudited - See Review Engagement Report

	2013	2012
Operating Activities		
Excess of revenues over expenses	$ 17,878	$ 8,722
Items not affecting cash:		
Amortization	1,537	1,273
Contributed equipment	(400)	-
	19,015	9,995
Changes in non-cash operating working capital:		
Accounts receivable	(212)	600
Prepaid expenses	(9)	(2,142)
Sales tax receivable	(160)	(1,207)
Merchandise inventory	(245)	(1,023)
Accounts payable and accrued liabilities	1,200	(3,005)
	19,589	3,218
Investing Activities		
Capital assets	(499)	-
Change in Cash and Cash Equivalents	19,090	3,218
Cash and Cash Equivalents - beginning of year	4,046	828
Cash and Cash Equivalents - end of year	$ 23,136	$ 4,046

The accompanying notes form an integral part of these financial statements.

1. Description and 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.

2. Summary of Significant Accounting Policies

The financial statements of the Organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, Part III of the CICA Handbook – Accounting (“Part III”) and include the following significant accounting policies.

a) Financial Instruments

i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at 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 attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

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

There are no financial assets or liabilities measured at fair value.

2. Summary of Significant Accounting Policies (continued)

a) Financial Instruments (continued)

ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;

ii) the amount that could be realized by selling the asset at the statement of financial position date; and

iii) the amount the Organization expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.

2. Summary of Significant Accounting Policies (continued)

b) Accounting Changes

The Organization follows CICA Handbook Section 1506, Accounting Changes. Under this section, changes in accounting policy are permitted only if required by a primary source of GAAP or when they result in the financial statements providing more reliable and relevant information. It requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements.

c) Management Estimates

The preparation of these financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. Significant estimates include those used when accounting for capital asset amortization and expense accruals. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

d) Cash and Cash Equivalents

Cash and cash equivalents include bank deposits.

e) Capital Assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

For a contributed tangible capital asset, cost is considered to be fair value at the date of contribution. When the fair value cannot be reasonably determined, the tangible capital asset is recorded at a nominal value.

Capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

2. Summary of Significant Accounting Policies (continued)

e) Capital Assets (continued)

Capital assets, consisting of a vehicle and furniture and equipment, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a declining balance basis over the estimated useful life of the Organization's assets at the following rates per annum:

Furniture and equipment	30%
Vehicle	30%

f) Revenue Recognition

The Organization recognizes contributions in accordance with the deferral method. All contributions are unrestricted and are recognized as revenue upon receipt. 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.

g) Related Party Transactions

All transactions with related parties are in the normal course of business and are measured at the exchange amount.

h) 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.

i) Comparative Figures

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

3. Merchandise Inventory

Inventory consists of boxing equipment and supplies, including gloves, wraps 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, 2013 was $1,209 (2012 - $2,441).

4. Donations - In-Kind

During the year ended December 31, 2013, the Organization received various donations in-kind which were recognized as donation revenue based on fair value. The Organization received the following:

a) Sixty-seven tickets or admissions to sporting/music events and summer camps with a fair value of $4,119.

b) A six month family gym membership with a fair value of $694.

c) Fitness equipment with a fair value of $400 (see note 5).

d) Various miscellaneous items with an aggregate fair value of $920.

5. Capital Assets

	2013			2012
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	$ 1,643	$ 934	$ 709	$ 298
Vehicle	3,500	2,540	960	2,009
	$ 5,143	$ 3,474	$ 1,669	$ 2,307

During the period ended December 31, 2013, equipment was donated to the Organization. The contributed tangible assets capitalized during the year included used fitness equipment with a fair value of $400.

6. Income Taxes

The Organization is a not-for-profit organization from which no part of the excess of revenue over expenses is payable to, or is available for, the benefit of any member. It is, therefore, exempt from income tax pursuant to Section 149(1)(l) of the Income Tax Act (Canada).

7. Financial Instruments

The Organization is exposed to risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at December 31, 2013.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk. The Organization is not subject to currency risk as all financial instruments are denominated in Canadian dollars.

7. Financial Instruments (continued)

b) Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization is not exposed to significant interest rate risk.

c) Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Organization is not exposed to significant other price risk as it does not hold any investments with listed market prices.

d) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss.

Credit risk arises from cash and cash equivalents and accounts receivable. The Organization holds cash deposits with various reputable financial institutions and management believes the risk of loss is minimal. There are no other significant concentrations of credit risk within the Organization.

e) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient reserves of cash to meet its obligations. As at December 31, 2013, the Organization had current assets of $33,035 to settle current liabilities of $3,090.

8. Related Party Transactions

During the year ended December 31, 2013, the Organization:

a) Sold merchandise inventory including twenty-five shirts to the Program Facilitator for $276 plus HST. As at December 31, 2013, accounts receivable includes $312 owed from the Program Facilitator.

b) Received cash donations of $1,360 from a member of the Board of Directors.

c) Received cash donations of $200 from a former member of the Board of Directors.

d) Received donations in-kind with a market value of $100 from a member of the Board of Directors.

e) Paid fees of $2,767 to the Executive Director for the facilitation of workshops.

9. Pledge Commitments

As at December 31, 2013 the Organization received pledge commitments of $7,000 for 2014 and $6,000 for 2015. The donation revenue will be recognized in the periods they are earned.