Financial Statements

Mentoring Juniors Kids Organization (MJKO)

For the Year Ended December 31, 2014

Unaudited - See Review Engagement Report

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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, 2014 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.

Forbes Andersen LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
January 29, 2015

Mentoring Juniors Kids Organization (MJKO)

Statement of Financial Position as at December 31, 2014
Unaudited - See Review Engagement Report

	2014	2013
Assets		
Current assets		
Cash	$ 35,415	$ 23,136
Accounts receivable	365	312
Prepaid expenses	1,887	2,151
Sales tax receivable	2,190	1,367
Merchandise inventory (note 3)	4,389	6,069
	44,246	33,035
Capital Assets (note 5)	1,170	1,669
	$ 45,416	$ 34,704
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 4,191	$ 3,090
Deferred revenue (note 6)	9,884	-
	14,075	3,090
Net Assets		
Unrestricted	31,341	31,614
	$ 45,416	$ 34,704

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

Approved by the Board

________________________, Director

________________________, Director

Mentoring Juniors Kids Organization (MJKO)

Statement of Operations
For the year ended December 31, 2014
Unaudited - See Review Engagement Report

	2014	2013
Donation Revenue		
Donations - cash	$ 70,223	$ 45,035
Donations - in-kind (note 4)	5,149	6,133
	75,372	51,168
Other Revenue		
Programs and workshops	4,114	2,694
Fundraising	40	1,900
Merchandise sales	3,036	2,852
Other income	682	140
	7,872	7,586
Total Revenue	83,244	58,754
Charitable Program Expenses		
Advertising	445	400
Program delivery	58,646	17,352
Facilities and equipment rentals	1,230	1,396
Cost of goods sold (note 3)	4,677	1,209
Volunteer development	1,802	2,192
Vehicle and travel	5,026	4,436
Materials	617	1,190
Insurance	1,535	3,133
	73,978	31,308
Fundraising Expenses		
Advertising	-	9
Event supplies	-	1,342
	-	1,351
Administrative Expenses		
Amortization	1,699	1,537
Rent, parking and utilities	479	534
Office and general	3,296	307
Professional fees	3,343	3,301
Telecommunications	722	2,538
	9,539	8,217
Total Expenses	83,517	40,876
Excess (Deficiency) of Revenues over Expenses	$ (273)	$ 17,878

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, 2014
Unaudited - See Review Engagement Report

	2014	2013
Unrestricted Net Assets		
Balance - beginning of year	$ 31,614	$ 13,736
Excess (deficiency) of revenues over expenses	(273)	17,878
Balance - end of year	$ 31,341	$ 31,614

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, 2014
Unaudited - See Review Engagement Report

	2014	2013
Operating Activities		
Excess (deficiency) of revenues over expenses	$ (273)	$ 17,878
Items not affecting cash:		
Amortization	1,699	1,537
Contributed equipment	(1,200)	(400)
	226	19,015
Changes in non-cash operating working capital:		
Accounts receivable	(53)	(212)
Prepaid expenses	264	(9)
Sales tax receivable	(823)	(160)
Merchandise inventory	1,680	(245)
Accounts payable and accrued liabilities	1,101	1,200
Deferred revenue	9,884	-
	12,279	19,589
Investing Activities		
Capital assets	-	(499)
Change in Cash	12,279	19,090
Cash - beginning of year	23,136	4,046
Cash - end of year	$ 35,415	$ 23,136

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 accounts receivable.

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

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 generally accepted accounting principles ("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

Cash includes bank deposits with reputable Canadian financial institutions.

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. 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.

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 assumed.

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

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.

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, 2014 was $4,677 (2013 - $1,209).

4. Donations - In-Kind

During the year ended December 31, 2014, the Organization received various donations in-kind which were recognized as donation revenue based on fair value. The Organization received the following:

a) Furniture and equipment with a fair value of $1,200 (see note 5).

b) Program and workshop supplies with a fair value of $330.

c) Software licenses with a fair value of $2,754.

d) Various miscellaneous items with an aggregate fair value of $865.

5. Capital Assets

	2014			
	Cost	Accumulated Amortization	Net	2013 Net
Furniture and equipment	$ 2,843	$ 1,673	$ 1,170	$ 709
Vehicle	3,500	3,500	-	960
	$ 6,343	$ 5,173	$ 1,170	$ 1,669

During the period ended December 31, 2014 the contributed tangible assets capitalized during the year included office furniture with a fair value of $500 and a cell phone acquired as an incentive from a third party service provider with a fair value of $700.

6. Deferred Revenue

Deferred revenue represents grants received by the Organization for the purpose of funding specific programs and initiatives, which the Organization has been unable to utilize during the fiscal year. As at December 31, 2014, deferred revenue for which the related funding expenditures remain unspent are as follows:

	2014
Deferred revenue, beginning of the year	$ -
Restricted grants received during the year	40,091
Funds recognized into income during the year	(30,207)
Deferred revenue, end of the year	$ 9,884

7. 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).

8. 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, 2014.

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.

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.

8. Financial Instruments (continued)

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 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, 2014, the Organization had current assets of $44,246 to settle current liabilities of $14,075.

9. Related Party Transactions

During the year ended December 31, 2014, the Organization:

a) Received cash donations of $1,160 from members of the Board of Directors.

b) Received cash donations of $1,170 from the Executive Director.

c) Received donations in-kind with a market value of $630 from members of the Board of Directors.

d) Paid fees of $5,560 to the Executive Director for the facilitation of workshops.

e) Paid fees of $17,642 to a related corporation controlled by the Executive Director for management and facilitation of programs.

f) Paid fees of $2,578 to the Program Facilitator for management and facilitation of programs.

10. Pledge Commitments

As at December 31, 2014 the Organization has a pledge commitment of $6,000 for 2015. The donation revenue will be recognized in the period it is earned.

11. Comparative Figures

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