MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

Financial Statements
For the year ended December 31, 2024
and Independent Auditor's Report

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

FINANCIAL STATEMENTS

DECEMBER 31, 2024

CONTENTS

CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of Mentoring Juniors Kids Organization (MJKO) (the "Entity"), which comprise the statement of financial position as at December 31, 2024, and the statement of operations and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and net assets as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants
Burlington, Ontario
May 12, 2025

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

	2024	2023
REVENUES		
Corporate contributions	**$ 95,859**	$ 136,012
Individual donors	**74,421**	87,619
Donations-in-kind (Note 2)	**54,000**	49,654
Government grants (Note 3)	**32,055**	20,148
Other income	**4,272**	2,497
	260,607	295,930
EXPENSES		
CHARITABLE PROGRAM EXPENSES		
Cost of merchandise sold	**87**	435
Insurance	**12,391**	7,958
Program delivery	**115,717**	135,429
Program wages	**151,351**	132,340
Telecommunications	**2,285**	1,678
Vehicle and travel	**1,798**	3,112
Volunteer development	**948**	1,553
	284,577	282,505
ADMINISTRATIVE EXPENSES		
Depreciation	**9,830**	15,571
Office and general	**1,417**	1,912
Professional fees	**10,907**	7,899
	22,154	25,382
	306,731	307,887
DEFICIENCY OF REVENUES OVER EXPENSES	**(46,124)**	(11,957)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	**256,866**	268,823
UNRESTRICTED NET ASSETS, END OF YEAR	**$ 210,742**	$ 256,866

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

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

	2024	2023
ASSETS		
Current assets		
Cash	**$ 171,225**	$ 250,002
Short-term investment (Note 4)	**51,135**	-
Accounts receivable	**-**	6,408
Sales tax recoverable	**6,910**	12,614
Merchandise inventory	**1,531**	1,618
Prepaid expenses	**2,994**	5,876
	233,795	276,518
Equipment, vehicle and leasehold improvements (Note 5)	**14,563**	24,393
	$ 248,358	$ 300,911
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 11,535**	$ 5,892
Government remittance payable	**1,081**	2,251
Deferred revenue (Note 6)	**25,000**	35,902
	37,616	44,045
UNRESTRICTED NET ASSETS	**210,742**	256,866
	$ 248,358	$ 300,911

Approved by the Board:

BH Gilmore ______________________ **Member** ______________________ **Member**

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

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	**$ (46,124)**	$ (11,957)
Depreciation, an item not affecting cash	**9,830**	15,571
	(36,294)	3,614
Changes in non-cash operating assets and liabilities		
Accounts receivable	**6,408**	(6,408)
Sales tax recoverable	**5,704**	(7,360)
Merchandise inventory	**87**	434
Prepaid expenses	**2,882**	(1,148)
Accounts payable and accrued liabilities	**5,643**	-
Government remittance payable	**(1,170)**	(346)
Deferred revenue	**(10,902)**	17,882
	(27,642)	6,668
INVESTING ACTIVITIES		
Purchase of short-term investments	**(151,717)**	-
Proceeds on maturity of short-term investments	**100,582**	-
Purchase of computer equipment	**-**	(2,935)
	(51,135)	(2,935)
INCREASE (DECREASE) IN CASH	**(78,777)**	3,733
CASH, BEGINNING OF YEAR	**250,002**	246,269
CASH, END OF YEAR	**$ 171,225**	$ 250,002

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

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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.

Nature and purpose of the organization
Mentoring Junior Kids Organization (MJKO) (the Entity) 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 Entity 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 Entity recognizes contributions in accordance with deferral method. Fundraising revenues, programs and workshop revenues, merchandise sales and other income 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 normal course of the Entity's operations and would otherwise have been purchased. Individual contributions, 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 Entity. 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 Entity 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.

Short-term investments
The Company's short-term investments consists of term deposits. The short-term investments are initially recognized at cost and and subsequently measured at fair market value, which is cost plus accrued interest.

Merchandise inventory
Merchandise inventory consists of boxing equipment and supplies, including gloves, wraps, pads, gym bags, mouth guards. Inventory is valued at the lower of cost and current replacement cost. The cost of inventory includes all costs of purchases, 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, 2024 was $87 (2023 - $435).

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION — continued

Equipment, vehicle and leasehold improvements

Equipment, vehicle, and leasehold improvements are stated at cost. Equipment and vehicle are depreciated using the declining-balance method. Leasehold improvements are depreciated on a straight-line basis. The rates used are as follows:

Gym equipment	20%
Furniture and equipment	30%
Vehicle	30%
Computer equipment	55%
Leasehold improvements	S/L 5 years

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***

(i) ***Initial measurement***

The Entity initially measures its financial assets and liabilities originated or exchanged in arm’s length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Entity is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Entity in the transaction.

(ii) ***Subsequent measurement***

The Entity subsequently measures all its financial assets and liabilities at cost or 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 income in the period incurred.

Financial assets measured at amortized cost include cash.

Financial assets measured at fair market value include short-term investments.

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

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION — continued

Financial instruments — continued

(b) ***Transaction costs***
Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) ***Impairment***
For financial assets measured at cost or amortized cost, the Entity determines whether there are indications of possible impairment. When there are, and the Entity determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Government assistance
Government assistance related to current expenses or revenues are included in determination of net income for the period. When government assistance relates to expenses of future accounting periods, the appropriate amounts shall be deferred and amortized to income as related expenses are incurred.

Use of estimates
The preparation of financial statements in accordance with Canadian accounting standards for private enterprises 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 items such as determination of revenue recognition, allowances for accounts receivable, determination of useful life of equipment, vehicle, and leasehold improvements and accrued liabilities.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many companies. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Entity. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Entity has taken are sufficient to mitigate these uncertainties.

2. DONATIONS-IN-KIND

During the year, the Entity received various donations-in-kind which were recognized as donation revenue based on their fair value. The Entity received various miscellaneous items with an aggregate fair value of $54,000 (2023 - $49,654) from Second Harvest.

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

3. GOVERNMENT GRANTS

Included in the current year's government grants are amounts received from the Federal government, ParticipACTION and Community Services Recovery Fund in the amounts of $32,055 (2023 - $20,148) with funds being used for a client relations management project to improve processes and increase capacity with fewer staffing and volunteers.

4. SHORT-TERM INVESTMENT

	2024	2023
TD - GIC - 3.25%, maturing February, 2025	**$ 51,135**	$ -

The fair value of the short-term investments is equal to the cost due to the nature of the investments.

5. EQUIPMENT, VEHICLE AND LEASEHOLD IMPROVEMENTS

	2024		2023	
	Cost	**Accumulated Depreciation**	Cost	Accumulated Depreciation
Gym equipment	**$ 8,722**	**$ 7,405**	$ 8,722	$ 7,076
Furniture and equipment	**21,567**	**17,646**	21,567	15,965
Vehicle	**27,697**	**19,622**	27,697	16,161
Computer equipment	**8,740**	**7,490**	8,740	5,963
Leasehold improvements	**33,821**	**33,821**	33,821	30,989
	100,547	**85,984**	100,547	76,154
Net book value		**$ 14,563**		$ 24,393

6. DEFERRED REVENUE

Deferred revenue represents grants received by the Entity for the purpose of funding specific programs and initiatives during the current year, that relates to expenses to be incurred in the future. Deferred revenue for which the related funding expenditures remain unspent are as follows:

	2024	2023
Balance, beginning of year	**$ 35,902**	$ 18,020
Deferred grants received during the year	**25,000**	58,662
Deferred grants included in income during the year	**(35,902)**	(40,780)
Balance, end of year	**$ 25,000**	$ 35,902

MENTORING JUNIORS KIDS ORGANIZATION (MJKO)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

7. RELATED PARTY TRANSACTIONS

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

a) Received cash donations of $1,543 (2023 - $2,707) from members of the Board of Directors.

b) Received cash donations of $2,149 (2023 - $4,165) from employees.

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.

8. FINANCIAL RISK MANAGEMENT

The Entity 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.

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

9. INCOME TAXES

The Entity is exempt from income taxes by virtue of section 149(1)(l) of the Income Tax Act as a non-for-profit organization.