

Financial statements of

**Judo Canada**

March 31, 2014

DP&T

# **Judo Canada**

March 31, 2014

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## **Independent Auditor's Report**

To the Members of Judo Canada

We have audited the accompanying financial statements of Judo Canada (the "Organization"), which comprise the statement of financial position as at March 31, 2014, and the statements of changes in net assets, revenue and expenses and 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 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## **Other matter**

Except for the adjustment described in the following paragraph, the statement of financial position as at March 31, 2013 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended were audited by another auditor who issued an unqualified opinion on June 19, 2013.

As part of our audit of the 2014 financial statements, we also audited the adjustments described in Note 3 that were applied to amend the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements taken as a whole.

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants

June 20, 2014

# Judo Canada

## Statement of financial position as at March 31, 2014

	2014	2013
	\$	\$
<b>Assets</b>		(Restated) (Note 3)
Current assets		
Cash	799,457	412,388
Accounts receivable (Note 4)	203,972	448,799
Prepaid expenses	13,747	24,964
	<b>1,017,176</b>	886,151
Investments (Note 5)	462,766	447,803
	<b>1,479,942</b>	1,333,954
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	151,510	43,688
Government remittances	18,121	-
Deferred revenue (Note 6)	136,121	153,781
	<b>305,752</b>	197,469
<b>Net assets</b>		
Internally restricted	400,000	400,000
Unrestricted	774,190	736,485
	<b>1,174,190</b>	1,136,485
	<b>1,479,942</b>	1,333,954

Approved by the Board

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Director

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Director

# Judo Canada

## Statement of changes in net assets year ended March 31, 2014

	Internally restricted	Unrestricted	2014	2013
	\$	\$	\$	\$
<b>Balance, beginning of year as previously stated</b>	400,000	736,485	1,136,485	900,160
Prior period adjustment (Note 3)	-	-	-	77,216
<b>Balance, beginning of year as restated</b>	<b>400,000</b>	<b>736,485</b>	<b>1,136,485</b>	<b>977,376</b>
Excess of revenue over expenditures as previously statements	-	37,705	37,705	148,499
Prior period adjustment (Note 3)	-	-	-	10,610
Excess of revenue over expenditures as restated	-	37,705	37,705	159,109
<b>Balance, end of year</b>	<b>400,000</b>	<b>774,190</b>	<b>1,174,190</b>	<b>1,136,485</b>

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# Judo Canada

## Statement of revenue and expenses year ended March 31, 2014

	2014	2013
	\$	\$
		(Restated) (Note 3)
<b>Revenue</b>		
Support programs		
Sport Canada	1,135,960	1,258,487
Coaching Association of Canada	17,048	24,567
Other	55,069	1,522
Fees and marketing	135,276	172,300
Investment income	64,963	38,398
Membership fees	344,350	275,689
National competitions	69,688	68,525
National team	424,255	394,334
Pan Am Games	-	152,594
	<b>2,246,609</b>	2,386,416
 <b>Expenses</b>		
Capacity	538,945	443,129
High performance	1,452,047	1,137,028
Participation and development	217,912	647,150
	<b>2,208,904</b>	2,227,307
<b>Excess of revenue over expenses</b>	<b>37,705</b>	159,109

# Judo Canada

## Statement of cash flows year ended March 31, 2014

	2014	2013
	\$	\$
		(Restated) (Note 3)
<b>Operating activities</b>		
Excess of revenue over expenses	37,705	159,109
Items not affecting cash		
Realized and unrealized gains on investments	(64,963)	(38,398)
	<u>(27,258)</u>	<u>120,711</u>
Net change in non-cash working capital items		
Accounts receivable	244,827	(137,703)
Prepaid expenses	11,217	(15,621)
Accounts payable and accrued liabilities	107,822	7,084
Government remittances	18,121	-
Deferred revenue	(17,660)	19,413
	<u>337,069</u>	<u>(6,116)</u>
<b>Investing activities</b>		
Proceeds on sale of investments	50,000	40,000
Increase in cash for the year	387,069	33,884
Cash, beginning of year	412,388	378,504
<b>Cash, end of year</b>	<b>799,457</b>	<b>412,388</b>

# Judo Canada

## Notes to the financial statements March 31, 2014

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### 1. Nature of the organization

The mission of the Organization is to promote and develop the sport of judo by increasing the athlete base, improving international results, upgrading officiating and coaches' National Coaching Certification Program ("NCCP") levels throughout Canada.

The Organization is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered Canadian Amateur Athletic Association under the Income Tax Act and as such is exempt from income tax.

### 2. Significant accounting policies

#### *Basis of presentation*

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants Handbook ("CPA") Handbook, Accounting standards for not-for-profit organizations. Significant accounting policies include the following:

#### *Financial instruments*

Financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities.

All financial assets and financial liabilities are initially recorded at fair value. Subsequently, financial assets and liabilities are measured at amortized cost with the exception of cash and investments which are measured at fair value.

Related party transactions in the normal course of operations are recorded at the exchange amount.

#### *Revenue recognition*

The Organization follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expense is incurred. Unrestricted revenue is recognized as revenue when it is received or becomes receivable. Membership fees are recognized as revenue over the period to which they relate.

#### *Sport Canada contributions*

Contributions received from Sport Canada are subject to specific terms and conditions regarding the expenditure of the funds. The Organization's records are subject to audit by Sport Canada to identify instances, if any, in which amounts charged against contributions, have not complied with the agreed terms and conditions and which, therefore, would be refundable to Sport Canada. Adjustments to prior years' contributions are recorded in the year in which Sport Canada requests the adjustment.

#### *Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates include the amount of accrued liabilities, the useful life of capital assets, and the collectability of accounts receivable. Actual results may differ from those estimates.

#### *Internally restricted*

Net assets which have been internally restricted, to protect the Organization from unforeseen events and circumstances, cannot be used without approval of the Board of Directors.

# Judo Canada

## Notes to the financial statements March 31, 2014

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### 3. Prior period errors

During the year errors related to prior years were identified. These errors were corrected resulting in a restatement of the comparative figures.

Prior to April 1, 2012, the Organization had over accrued expenses of \$77,216 and had over accrued expenses of \$10,610 for the year ended March 31, 2013.

The impact of the restatement on the March 31, 2013 financial statements is summarized below:

- \$77,216 increase in opening unrestricted net assets;
- \$63,387 decrease in accounts payable and accrued liabilities;
- \$24,439 increase in cash.
- \$10,610 decrease in High Performance expenses
- \$87,826 increase in closing unrestricted net assets.

### 4. Accounts receivable

	2014	2013
	\$	\$
HST receivable	17,616	29,398
Other	186,356	419,401
	<b>203,972</b>	<b>448,799</b>

### 5. Investment

The investment consists of units in a balanced pooled fund. This fund invests primarily in a mix of Canadian equity and equity-related securities and fixed income securities.

### 6. Deferred revenue

Deferred revenue consists of membership fees and is summarized as follows:

	2014	2013
	\$	\$
Opening balance	153,781	134,368
Amounts received during the year	326,690	295,202
Amounts recognized to revenue	(344,350)	(275,789)
Closing balance	<b>136,121</b>	<b>153,781</b>

### 7. Line of credit

The Organization has a \$50,000 authorized line of credit which bears interest at prime plus 2.1% and is secured by a general security agreement and is renewable annually. The line of credit was not used as of March 31, 2014 and 2013.

# **Judo Canada**

Notes to the financial statements  
March 31, 2014

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## **8. Fair value and related risks**

The fair value of accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

It is management's opinion that they are not exposed to any significant credit, liquidity or market risks arising from these financial instruments.

## **9. Capital management**

The Organization's capital consists of net assets. The Organization's objectives when managing capital are to fund working capital needs and to safeguard its ability to continue as a not-for-profit organization in an effort to carry out its mission. The Organization's capital management framework is designed to ensure there is sufficient flexibility, short-term and long-term. A key objective is to maintain a financial structure that covers the equivalent of six months of operating expenses.

## **10. Contingent liabilities**

On January 20, 2012, the Organization signed an agreement with the Institut national du sport du Québec (the "INS Quebec") regarding the construction of a training site to be used by the Organization's athletes. Should the Organization terminate the agreement early, it would be required to reimburse the actual construction costs incurred by the INS Quebec, which per the Agreement were estimated to be approximately \$338,000. The amount to be reimbursed is dependent upon when the contract is terminated: if terminated in the first 12 months of taking possession of the training site a 100% must be reimbursed; between the 13 and 24 months - 80% must be reimbursed; and if after 24 months - 50% must be reimbursed. The agreement expires on December 31, 2018.

## **11. Comparative figures**

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