

JUDO CANADA

FINANCIAL STATEMENTS

MARCH 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members,
Judo Canada:

Opinion

We have audited the financial statements of Judo Canada ("the Entity"), which comprise the statement of financial position as at March 31, 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, 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.

Basis for opinion

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 opinion.

Responsibilities of management and those charged with governance 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.

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.

OHCID LLP

OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants
Ottawa, Ontario
August 29, 2023



JUDO CANADA

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT		
Cash	\$ 1,549,188	\$ 1,730,769
Investments (note 4)	882,408	672,694
Accounts receivable (note 8)	172,127	146,774
Prepaid expenses	<u>31,472</u>	<u>14,977</u>
	2,635,195	2,565,214
PROPERTY AND EQUIPMENT (note 5)	<u>123,754</u>	<u>127,289</u>
	<u>\$ 2,758,949</u>	<u>\$ 2,692,503</u>
CURRENT LIABILITIES		
Accounts payable	\$ 87,152	\$ 121,726
Deferred revenue (note 6)	<u>262,465</u>	<u>206,307</u>
	<u>349,617</u>	<u>328,033</u>
NET ASSETS		
Internally restricted reserve fund	400,000	400,000
Unrestricted	<u>2,009,332</u>	<u>1,964,470</u>
	<u>2,409,332</u>	<u>2,364,470</u>
	<u>\$ 2,758,949</u>	<u>\$ 2,692,503</u>

Approved on behalf of the Board:

Director

Director



JUDO CANADA

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
INTERNALLY RESTRICTED RESERVE FUND		
Balance - beginning and end of year	\$ <u>400,000</u>	\$ <u>400,000</u>
UNRESTRICTED		
Balance - beginning of year	\$ 1,964,470	\$ 1,677,441
Net revenue for the year	<u>44,862</u>	<u>287,029</u>
Balance - end of year	\$ <u>2,009,332</u>	\$ <u>1,964,470</u>
 TOTAL	 \$ <u>2,409,332</u>	 \$ <u>2,364,470</u>



JUDO CANADA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUE		
Contributions		
Sport Canada	\$ 1,998,352	\$ 1,812,254
Canadian Olympic Committee	314,213	165,000
Other	405,813	87,434
Fees and marketing	271,785	130,218
Investment income	29,629	128,104
Membership fees	474,590	271,381
National competitions	158,953	-
National Team	493,611	348,657
	<u>4,146,946</u>	<u>2,943,048</u>
EXPENSES		
Capacity	706,377	451,263
High performance	2,127,773	1,682,387
Participation and development	1,267,934	522,369
	<u>4,102,084</u>	<u>2,656,019</u>
NET REVENUE FOR THE YEAR	<u>\$ 44,862</u>	<u>\$ 287,029</u>

JUDO CANADA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Net revenue for the year	\$ 44,862	\$ 287,029
Items not affecting cash		
(Gain) loss on investments	21,005	(109,323)
Amortization	3,535	3,535
Net change in non-cash working capital items		
Accounts receivable	(25,353)	(80,070)
Prepaid expenses	(16,495)	(5,793)
Accounts payable	(34,574)	(47,427)
Deferred revenue	56,158	70,103
	<u>49,138</u>	<u>118,054</u>
INVESTING ACTIVITIES		
Sale of investments	288,638	21,451
Purchase of investments	<u>(519,357)</u>	<u>(32,134)</u>
	<u>(230,719)</u>	<u>(10,683)</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	(181,581)	107,371
Cash - beginning of year	<u>1,730,769</u>	<u>1,623,398</u>
CASH - END OF YEAR	\$ 1,549,188	\$ 1,730,769

JUDO CANADA

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023

1. PURPOSE OF THE ORGANIZATION

The purpose 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 levels throughout Canada. The organization is incorporated under the Canada Not-for-profit Corporations Act 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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Estimates and assumptions

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. The estimates and assumptions are reviewed annually and, as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

b) Reserve fund

The Reserve fund is internally restricted and cannot be used without approval of the Board of Governors.

c) Financial instruments

Investments in equity instruments quoted in an active market are initially recognized at fair value and are subsequently measured at the year-end fair value. Other financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

d) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized in the year in which the related expenses are incurred. Unrestricted contributions are recognized when they are received or become receivable. Membership fees are recognized as revenue over the period to which they relate. Other revenue is recognized in the year in which the event is held or the revenue is earned.

e) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on the straight line basis as follows:

Office condominium	40 years
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f) Sport Canada and other contributions

Contributions received are subject to specific terms and conditions regarding the expenditure of the funds. The organization's records are subject to audit by contributors 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 the contributor. Adjustments to prior years' contributions are recorded in the year in which the contributor requests the adjustment.



JUDO CANADA

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023

3. FINANCIAL INSTRUMENTS

Financial instruments of the organization consist of cash, investments, accounts receivable and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the risks have not changed from last year.

4. INVESTMENTS

Investments consist of:

	<u>2023</u>	<u>2022</u>
Fixed income	\$ 336,929	\$ 170,828
Equities	<u>545,479</u>	<u>501,866</u>
	<u>\$ 882,408</u>	<u>\$ 672,694</u>

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed mainly to interest rate and other price risk.

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed income investments.

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from currency risk or interest rate risks, whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments.

5. PROPERTY AND EQUIPMENT

	<u>2023</u>			<u>2022</u>
	Cost	Accumulated amortization	Net	Net
Office condominium	<u>\$ 141,429</u>	<u>\$ 17,675</u>	<u>\$ 123,754</u>	<u>\$ 127,289</u>



JUDO CANADA

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2023

6. DEFERRED REVENUE

Deferred revenue represents amounts received that relate to the subsequent year.

	<u>2023</u>	<u>2022</u>
Membership fees	\$ 254,465	\$ 171,094
Events and other	<u>8,000</u>	<u>35,213</u>
	<u>\$ 262,465</u>	<u>\$ 206,307</u>

Deferred revenue changed as follows:

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 206,307	\$ 136,204
Less - amount recognized as revenue in the year	(206,307)	(136,204)
Plus - amount received related to the following year	<u>262,465</u>	<u>206,307</u>
Balance - end of year	<u>\$ 262,465</u>	<u>\$ 206,307</u>

7. LINE OF CREDIT

The organization has a \$100,000 authorized line of credit which bears interest at prime plus 0.2%, is secured by a general security agreement and is renewable annually. The line of credit was not used as of March 31, 2023.

8. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Amount recorded	\$ 225,127	\$ 199,774
Allowance for impairment	<u>(53,000)</u>	<u>(53,000)</u>
	<u>\$ 172,127</u>	<u>\$ 146,774</u>

9. ECONOMIC DEPENDENCE AND CONTINUANCE

The organization is economically dependent on Sport Canada as during the year 48% (2022 - 61%) of revenue was received from this single source.

The assumption underlying the preparation of these financial statements is that the organization will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future. Continued financial support of the contributors will be required for the organization to maintain operations. If continuing funding is not attained, amounts realized for the assets may be materially less than the amounts recorded in the financial statements.



JUDO CANADA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

10. PAYROLL EXPENSES

During the year, the organization has allocated payroll expenses as follows:

	<u>2023</u>	<u>2022</u>
Corporate and operations	\$ 638,728	\$ 446,175
High performance and athlete development	<u>562,535</u>	<u>663,913</u>
	<u>\$ 1,201,263</u>	<u>\$ 1,110,088</u>