

KARATE NOVA SCOTIA
FINANCIAL STATEMENTS

(Unaudited)

YEAR ENDED DECEMBER 31, 2020

CONTENTS

Page

FINANCIAL STATEMENTS

STATEMENT OF OPERATIONS	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-9

KARATE NOVA SCOTIA

STATEMENT OF OPERATIONS

(Unaudited)

YEAR ENDED DECEMBER 31

	2020	2019
REVENUE		
Grant funding	27,500	31,250
Membership	26,530	22,298
NSPPI grant (Note 7)	7,277	12,500
Tournaments	2,126	9,682
Events	1,165	9,684
	64,598	85,414
EXPENSES		
Administration	18,560	9,267
Events	1,235	7,761
Executive and officials	2,409	11,662
Membership	16,496	19,428
NSPPI expenses (Note 7)	7,277	15,469
Tournaments	2,580	8,239
	48,557	71,826
REVENUE OVER EXPENSES BEFORE OTHER	16,041	13,588
OTHER		
Amortization	(313)	(26)
Prior period adjustment (Note 8)	(4,000)	0
	(4,313)	(26)
EXCESS OF REVENUE OVER EXPENSES	11,728	13,562
NET ASSETS, beginning of period	91,898	78,336
EXCESS OF REVENUE OVER EXPENSES	11,728	13,562
NET ASSETS, end of period	103,626	91,898

KARATE NOVA SCOTIA

STATEMENT OF FINANCIAL POSITION

(Unaudited)

AS AT DECEMBER 31

	2020	2019
ASSETS		
CURRENT		
Cash & cash equivalents (Note 3)	82,542	21,633
Receivables (Note 4)	4,280	23,266
Prepays	5,060	7,110
Investment - GIC	28,001	53,001
	119,883	105,010
FIXED ASSETS (Note 5)	2,787	4,000
	122,670	109,010
LIABILITIES		
CURRENT		
Payables and accruals	1,074	15,534
Provincial team liability (Note 9)	0	1,578
Deferred revenue (Note 6)	17,970	0
	19,044	17,112
NET ASSETS		
NET ASSETS	103,626	91,898
	103,626	91,898
	122,670	109,010

KARATE NOVA SCOTIA

STATEMENT OF CASH FLOWS

(Unaudited)

YEAR ENDED DECEMBER 31

	2020	2019
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES:		
OPERATING		
Working capital from operations		
Net income (loss)	11,728	13,562
Amortization	313	26
	12,041	13,588
Change in non-cash operating working capital		
Receivables	18,986	8,134
Prepays	2,050	(7,110)
Payables and accruals	(16,038)	17,113
Deferred revenue	17,970	0
	35,009	31,725
INVESTING		
Acquisition of assets and related grants	900	(4,026)
Investment and redemption of GIC's	25,000	(53,001)
	25,900	(57,027)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60,909	(25,302)
CASH AND CASH EQUIVALENTS, beginning of period	21,633	46,935
CASH AND CASH EQUIVALENTS, end of period	82,542	21,633

KARATE NOVA SCOTIA

NOTES TO THE FINANCIAL STATEMENTS

(Unaudited)

YEAR ENDED DECEMBER 31, 2020

1. NATURE OF ORGANIZATION

Karate Nova Scotia (the “Society”) is a Non-Profit Organization under the laws of Nova Scotia as of February 7, 1992. The Society is an organizing body for Karate in the Province of Nova Scotia, providing and hosting events relating to competition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policy

In 2019, the Society changed its accounting policy from cash to accrual basis of accounting. The Board of Directors (the “Board”) feels that this method is a more appropriate financial presentation as it presents revenue and expenses as they are earned rather than received.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

Revenue recognition

Revenue is recorded as at the date of delivery and invoicing. Receivables are provided with an allowance if the account becomes doubtful and written-off if it becomes uncollectible.

Property, plant, and equipment

Property, plant, and equipment are recorded at cost. Amortization is provided annually at the rates calculated to write-off the assets over their estimated useful life as follows:

Trailer	10 years, straight-line
---------	-------------------------

Use of estimates

The Board reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revisions. Many items in the preparation of these financial statements require the Board’s best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the changes in net assets as appropriate in the year they become known.

Significant items subject to the Board’s estimates include allowance for doubtful accounts and useful lives of property, plant, and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(Unaudited)

YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments

The Society considers any contract creating a financial asset, liability, or change in net assets as a financial instrument, except in certain limited circumstances. The Society accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- payables and accruals
- loans payable

Measurement

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all of its financial assets and financial liabilities at amortized cost. The Society removes financial liabilities, or a portion of, when the obligation is discharged, cancelled, or expires.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Unless otherwise noted, it is the Board's opinion that the Society is not exposed to significant interest or currency risks arising from financial instruments. The fair value of these financial instruments approximates their carrying values.

Credit risk

The Society is exposed to credit risk through payment default on its receivables. Exposure to credit risk on receivables is managed through active monitoring and collection practices. A provision for uncollectible accounts has been determined based on respective aging of accounts, risk profile of certain accounts and collections subsequent to year end.

KARATE NOVA SCOTIA

NOTES TO THE FINANCIAL STATEMENTS

(Unaudited)

YEAR ENDED DECEMBER 31, 2020

3. CASH

Cash consists of unrestricted operating funds held on deposit with Scotiabank, as well funds on deposit as follows:

	2020	2019
Undeposited Cash	\$ 3,958	\$ 450
Scotiabank	78,584	21,183
	\$ 82,542	\$ 21,633

4. RECEIVABLES AND ACCRUALS

	2020	2019
Trade	\$ 0	\$ 23,266
Accruals	4,280	0
	\$ 4,280	\$ 23,266

5. FIXED ASSETS

	2020	2019		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Trailer	\$ 3,126	\$ 339	\$ 2,787	\$ 4,000

During the year a grant was received in the amount of \$900, reducing the net book value.

6. DEFERRED REVENUE

	2020	2019
Membership	\$ 247	\$ 0
NSPPI Grant	17,723	0
	\$ 17,970	\$ 0

7. NSPPI Grant

	2020	2019
Grant	<u>\$ 25,000</u>	<u>\$ 12,500</u>
Expenses:		
Athletes	3,459	2,968
Coaches	984	9,497
Officials	449	0
Training	2,385	3,004
NSPPI Expenses	7,277	15,469
Deferred NSPPI Grant	\$ 17,723	\$ 0

KARATE NOVA SCOTIA

NOTES TO THE FINANCIAL STATEMENTS

(Unaudited)

YEAR ENDED DECEMBER 31, 2020

8. PRIOR PERIOD ADJUSTMENT

In 2020 It was determined that Karate Nova Scotia received a Grant of \$4,000 on behalf of Karate Canada for the 2018 Karate Nationals but had not distributed the funds.

9. PROVINCIAL TEAM LIABILITY

The provincial teams fundraising is deposited into the Karate Nova Scotia bank account and thus Karate Nova Scotia holds a liability representing cash owed to the provincial team. At year-end Karate Nova Scotia holds \$0 (2019 - \$1,578) of the provincial teams fundraising.

10. SUBSEQUENT EVENTS

In 2021, the Society employed a High Performance Coach and a Technical Director. The purpose of the two employees is to expand on the services the Society offers, with the High Performance Coach focusing on taking elite athletes to an international level, and the Technical Director raising the overall competitive level of all athletes, as well as increasing the number of competitive dojo's in the province.