

CANADIAN KENDO FEDERATION
YEAR ENDED MARCH 31, 2017
(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the directors of

CANADIAN KENDO FEDERATION

We have reviewed the balance sheet of Canadian Kendo Federation as at March 31, 2017 and the statements of revenue and expenses for the general fund and statements of changes in net assets and cash flow for all funds for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion 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.

The organization recognizes membership and club fees on a straight line basis over the calendar year. Under Canadian accounting standards for not-for-profit organizations, membership and club fees, where no future services are required to be rendered to members, are considered to be a contribution and therefore should be recognized on a cash basis when received. The effect of this departure from Canadian accounting standards for not-for-profit organizations would be an understatement of revenue for the year of \$3,845 (2016 - \$1,467 understatement) and an overstatement of deferred revenue and an understatement of net assets, general fund of \$19,718 (2016 - \$15,872).

Except for the failure to recognize membership and club fees on a cash basis as described in the preceding paragraph, 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.

Stern Cohen LLP

Chartered Professional Accountants
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
July 24, 2017

CANADIAN KENDO FEDERATION

ALL FUNDS

BALANCE SHEET

(Unaudited)

As at March 31,	2017 \$	2016 \$
ASSETS		
Current assets		
Cash	153,008	131,754
Investment, Schedule A	25,053	25,555
Inventory	2,347	2,882
Prepays	7,380	6,565
	187,788	166,756
Capital asset (Note 4)	4,800	6,400
Investments, Schedule A	113,124	110,745
	305,712	283,901
LIABILITIES		
Current liabilities		
Accounts payable	5,720	8,027
Deferred revenue	19,718	15,872
	25,438	23,899
NET ASSETS		
General fund	69,238	79,600
Restricted - non-expendable	113,124	110,746
Restricted - expendable		
Team Canada/World Kendo Championship	76,225	40,302
Development fund - Kendo	15,406	22,682
Development fund - Iaido/Jodo	6,281	6,672
	280,274	260,002
	305,712	283,901

Other information (Note 6)

See accompanying notes.

Approved on behalf of the
Executive Board: _____



CANADIAN KENDO FEDERATION
GENERAL FUND
STATEMENT OF REVENUE AND EXPENSES

(Unaudited)

For the year ended March 31,	2017	2016
	\$	\$
Revenue		
Grading and diplomas (Note 2)	59,378	65,435
Membership and club fees	44,760	39,928
National Championship (2017 - laido)	16,403	-
Miscellaneous	337	160
Investment income	126	361
FIK seminar	-	8,867
	121,004	114,751
Expenses		
National Championship	17,551	-
Grading expenses	17,020	16,107
Insurance	13,391	13,652
Travel - directors	8,211	11,170
Legal and accounting	5,201	7,379
PayPal expense	3,965	3,473
Seniors' leaders stipend	6,134	4,023
Public relations	2,972	5,994
Office supplies	1,043	2,799
Office services	2,880	2,880
Web and computing expense	3,901	2,265
Membership fee	1,657	1,325
Travel - others	609	4,399
Bank charges and fees	887	1,095
Equipment and supplies	535	2,220
Meetings and receptions	1,312	1,471
FIK seminar	-	19,666
Amortization	1,600	1,600
	88,869	101,518
Excess of revenue over expenses before fund allocations	32,135	13,233
Fund allocations (Note 3)	(42,500)	(42,500)
Deficiency of revenue over expenses for the year	(10,365)	(29,267)

See accompanying notes.

CANADIAN KENDO FEDERATION
ALL FUNDS
STATEMENT OF CHANGES IN NET ASSETS
(Unaudited)

For the year ended March 31,	General	Restricted Non-Expendable	Restricted Expendable		2017 \$	2016 \$	
			Team Canada/World Kendo Championship	Development Fund Kendo laido/Jodo			
Surplus, beginning of year	79,603	110,745	40,301	22,682	6,671	260,002	270,949
Revenues							
Operating	120,878	-	-	-	-	120,878	114,390
Donations	-	-	20,060	200	-	20,260	20,700
Investment income (loss) (Note 5)	126	2,379	-	-	-	2,505	(538)
	121,004	2,379	20,060	200	-	143,643	134,552
Disbursements and accrued expenses	88,869	-	14,136	14,976	5,390	123,371	145,499
Excess (deficiency) of revenues over disbursements	32,135	2,379	5,924	(14,776)	(5,390)	20,272	(10,947)
Interfund transfers	(42,500)	-	30,000	7,500	5,000	-	-
Surplus, end of year	69,238	113,124	76,225	15,406	6,281	280,274	260,002

CANADIAN KENDO FEDERATION
ALL FUNDS
STATEMENT OF CASH FLOW
(Unaudited)

For the year ended March 31,	2017	2016
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year		
General fund	32,135	13,233
Restricted non-expendable fund	2,379	(899)
Restricted expendable funds		
Team Canada/WKC	5,924	(16,285)
Development - Kendo	(14,776)	(3,035)
Development - Iaido/Jodo	(5,390)	(3,961)
Item not involving cash		
Unrealized losses on investments	1,701	3,002
Amortization	1,600	1,600
Working capital from (required by) operations	23,573	(6,345)
Net change in non-cash working capital balances related to operations	1,259	4,823
Cash from (required by) operations	24,832	(1,522)
Investing activities		
Purchase of capital asset	-	(8,000)
Increase in investments	(3,578)	(2,463)
	(3,578)	(10,463)
Change in cash during the year	21,254	(11,985)
Cash		
Beginning of year	131,754	143,739
End of year	153,008	131,754

See accompanying notes.

Schedule A
CANADIAN KENDO FEDERATION
INVESTMENTS
(Unaudited)

As at March 31,	2017 \$	2016 \$
Restricted - non-expendable		
BMO Bond Fund	36,585	36,352
BMO Bond Fund	25,627	25,465
BMO Dividend Fund	14,916	13,240
BMO GIC due May 24, 2017, 0.85%	35,996	35,688
	113,124	110,745
General fund		
National Bank GIC due September 24, 2018, 1.10%	25,053	25,555
	138,177	136,300

CANADIAN KENDO FEDERATION
NOTES TO FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2017

Canadian Kendo Federation (CKF) is a Registered Canadian Amateur Athletic Association, not-for-profit organization and the Canadian governing body for the advancement, development and promotion of Kendo, Iaido, and Judo in Canada. CKF is a member of the International Kendo Federation (FIK). The organization is exempt from tax under the Income Tax Act.

1. Significant accounting policies

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

(a) Revenue recognition

Membership fees, individual and dojo, are recorded over the membership period. Grading and certificate revenue, net of refunds, are recorded, including its related expenses, in the grading year period.

Revenue from national championships and seminars is recognized when the events take place.

Donations are recorded when received.

Interest income is recognized on the accrual basis.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

(c) Capital assets

Capital assets are stated at cost. Amortization is recorded at rates calculated to charge the cost of the assets to operations over their estimated useful lives. Gains and losses on disposals are calculated on the remaining net book value at the time of disposal and included in income.

Amortization is charged to operations on a straight-line basis at the following annual rates:

Computer software	5 years
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CANADIAN KENDO FEDERATION
NOTES TO FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2017

1. Significant accounting policies (cont'd)

(d) Investments

Investments are recorded at fair value with gains and losses recognized in net income. The fair value is determined on the basis of quoted market prices.

(e) Use of estimates

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenditures during the year. Actual results could differ from these estimates.

(f) Fund accounting

The organization follows the restricted fund method of accounting for its revenues.

The general fund accounts for the organization's ongoing operations and administrative activities.

The restricted non-expendable fund holds investments and reports investment income earned.

The restricted expendable fund reports contributions and expenses relating to special events and external activities the organization chooses to support. The restricted expendable fund is financed by the general fund as well as through external donations.

(g) Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value.

The organization subsequently measures all its financial assets and liabilities at amortized cost except for investments, which are measured at fair value.

The organization's financial instruments that are measured at amortized cost consist of cash funds, accounts payable and deferred revenue.

CANADIAN KENDO FEDERATION
NOTES TO FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2017

2. Grading and diplomas

Net revenue from grading and diplomas consist of the following:

	2017 \$	2016 \$
Revenue	79,863	85,565
Refunds	(20,485)	(20,130)
	59,378	65,435

3. Fund allocations

Funds were allocated from the general fund as follows:

	2017 \$	2016 \$
Team Canada/World Kendo Fund	(30,000)	(30,000)
Kendo Development Fund	(7,500)	(7,500)
Iaido/Jodo Development Fund	(5,000)	(5,000)
	(42,500)	(42,500)

4. Capital assets

		Net	
Cost \$	Accumulated amortization \$	2017 \$	2016 \$
Computer software	8,000	3,200	4,800
		8,000	6,400

CANADIAN KENDO FEDERATION
NOTES TO FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2017

5. Investment income

Investment income (loss) consists of the following:

	2017 \$	2016 \$
Investment income - general fund	126	361
Investment income - restricted non expendable	4,080	2,103
Unrealized losses	(1,701)	(3,002)
	2,505	(538)

6. Other information

(a) *Financial instruments*

The organization is exposed to the following significant financial risks:

i) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk with respect to its investments in interest bearing financial instruments. The organization does not use derivative financial instruments to alter the effects of this risk.

ii) *Liquidity risk*

Liquidity risk is the risk that the organization will encounter difficulty in meeting its financial obligations when they come due. The organization manages its liquidity risk by monitoring and managing the cash requirements to ensure the organization has sufficient funds to meet its operational requirements. The primary source of liquidity is cash generated from operations. The organization expects to meet these obligations as they come due by generating sufficient cash flows from operations.