

**CANADIAN RUGBY FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**UNAUDITED**



Willow L. Rupert CPA, CA\*   Brett A. Jackson CPA, CA\*   Carter L. Chomyn CPA, CA\*   Ian A. Parry CPA\*  
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*\* denotes incorporated professional*

## **REVIEW ENGAGEMENT REPORT**

### **To the Directors**

We have reviewed the accompanying financial statements of Canadian Rugby Foundation that comprise the statement of financial position as at December 31, 2022 and the statements of operations, change in net assets, 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

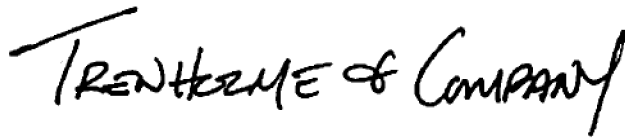
The procedures performed in a review are substantially less in extent than, and vary in the nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on the financial statements.

### **Basis for Qualified Conclusion**

In common with many not-for-profit organizations, the Foundation derives revenue from donation and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at the beginning and the end of the years ended December 31, 2022 and 2021. Our conclusion on the financial statements as at December 31, 2021 and for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

### Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Canadian Rugby Foundation as at December 31, 2022, 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.



Chartered Professional Accountants LLP

Victoria, British Columbia

May 31, 2023



**CANADIAN RUGBY FOUNDATION****Statement of Financial Position****December 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 410,256	\$ 179,882
Accounts receivable	33,617	13,445
Goods and services tax receivable	3,818	5,284
Investments (note 4)	18,427,607	18,868,056
Prepaid expenses	15,560	-
	<b>18,890,858</b>	<b>19,066,667</b>
<b>Tangible capital assets, net (note 5)</b>	<b>-</b>	<b>34</b>
	<b>\$ 18,890,858</b>	<b>\$ 19,066,701</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 83,036	\$ 6,999
Demand loan payable (note 6)	298,399	440,851
	<b>381,435</b>	<b>447,850</b>
<b>Net assets</b>		
Restricted funds (note 7)	18,639,519	17,816,887
Operating fund	(130,096)	801,964
	<b>18,509,423</b>	<b>18,618,851</b>
	<b>\$ 18,890,858</b>	<b>\$ 19,066,701</b>

Approved by the Directors

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(see accompanying notes)

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**CANADIAN RUGBY FOUNDATION****Statement of Change in Net Assets****Year ended December 31, 2022**

	<b>Operating fund</b>	<b>Restricted funds</b>	<b>Total 2022</b>	<b>Total 2021</b>
<b>Net assets, beginning of year</b>	\$ 801,964	\$ 17,816,887	\$ 18,618,851	\$ 5,288,745
(Deficiency) excess of revenues over expenses for the year	(789,244)	679,816	(109,428)	13,330,106
Transfers of grants to restricted funds	(142,816)	142,816	-	-
<b>Net (deficit) assets, end of year</b>	<b>\$ (130,096)</b>	<b>\$ 18,639,519</b>	<b>\$ 18,509,423</b>	<b>\$ 18,618,851</b>

(see accompanying notes)

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# CANADIAN RUGBY FOUNDATION

## Statement of Operations

Year ended December 31, 2022

	Operating fund	Restricted funds	Total 2022	Total 2021
<b>Revenue</b>				
Donation receipts	\$ 25,937	\$ 1,161,275	\$ 1,187,212	\$ 12,790,267
Fundraising activities	38,750	-	38,750	10,200
Investment income (note 8)	146,228	751,815	898,043	1,226,096
	210,915	1,913,090	2,124,005	14,026,563
<b>Expenses</b>				
<b>Administration</b>				
Accounting and legal	37,426	-	37,426	28,445
Amortization	34	-	34	42
Bank charges and interest	1,496	-	1,496	983
Office and sundry	5,015	-	5,015	4,130
Subcontract	47,925	-	47,925	26,625
Telephone and utilities	586	-	586	622
	92,482	-	92,482	60,847
<b>Non-administration</b>				
Investment management	36,692	58,311	95,003	39,297
Community events	37,491	-	37,491	17,946
	74,183	58,311	132,494	57,243
<b>Fundraising</b>				
Fundraising activities	14,715	-	14,715	7,350
Gifts to qualified donees	94,571	433,988	528,559	188,678
Loan interest	16,943	-	16,943	17,203
Life insurance premiums	2,118	-	2,118	4,692
	128,347	433,988	562,335	217,923
	295,012	492,299	787,311	336,013
<b>(Deficiency) excess of revenue over expenses before the following:</b>	(84,097)	1,420,791	1,336,694	13,690,550
Loss in fair value of marketable securities	(705,147)	(740,975)	(1,446,122)	(360,444)
<b>(Deficiency) excess of revenue over expenses for the year</b>	<b>\$ (789,244)</b>	<b>\$ 679,816</b>	<b>\$ (109,428)</b>	<b>\$ 13,330,106</b>

(see accompanying notes)

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**CANADIAN RUGBY FOUNDATION****Statement of Cash Flows****Year ended December 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Cash provided from (used in)</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses for the year	\$ (109,428)	\$ 13,330,106
Items not involving cash:		
(Gain) on sale of investments	(14,219)	(379,397)
Loss in fair value of marketable securities	1,446,122	360,444
Amortization	34	42
Changes in non-cash operating working capital		
Change in accounts receivable	(18,706)	(4,457)
Change in prepaid expenses	(15,560)	-
Change in accounts payable	76,037	(892)
	<b>1,364,280</b>	<b>13,305,846</b>
<b>Financing activities</b>		
Repayment of demand loan payable	(142,452)	(178,055)
<b>Investing activities</b>		
Proceeds from sale of investments	5,381,665	2,660,488
Purchase of investments	(6,373,119)	(15,779,699)
	<b>(991,454)</b>	<b>(13,119,211)</b>
<b>Increase in cash during the year</b>	<b>230,374</b>	<b>8,580</b>
<b>Cash, beginning of year</b>	<b>179,882</b>	<b>171,302</b>
<b>Cash, end of year</b>	<b>\$ 410,256</b>	<b>\$ 179,882</b>

(see accompanying notes)

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# CANADIAN RUGBY FOUNDATION

## Notes to the Financial Statements

December 31, 2022

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### 1. Purpose of the Organization

The Canadian Rugby Foundation was incorporated on January 1, 2002 to foster, encourage and promote the game of rugby among both genders within Canada through grants, bursaries, scholarships and awards to qualified donees including the Canadian Rugby Union.

The Foundation was registered as a charitable organization under the Income Tax Act on December 18, 2002 and, accordingly, is exempt from income taxes.

### 2. Accounting policies

The Foundation applies the Canadian accounting standards for not-for-profit organizations.

A summary of significant accounting policies is presented below to assist the reader in evaluating the Foundation's financial statements:

#### Revenue

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions in-kind are recognized at fair value at the date of contributions, if determinable.

Investment income includes interest, foreign investment income, dividends, capital dividends and realized capital gains and losses, earned on the Operating and Restricted Funds.

#### Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. The financial statements include the following funds:

##### *Operating fund*

The Operating Fund accounts for the Foundation's operational and administrative activities. The Operating Fund reports unrestricted resources available for immediate purposes. The Foundation's investments in tangible capital assets are also included in the Operating Fund.

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# CANADIAN RUGBY FOUNDATION

## Notes to the Financial Statements

December 31, 2022

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### 2. Accounting policies (continued)

#### *Restricted funds*

The Restricted funds consist of various funds for which long term donations have been made for specific purposes. The donations made to these restricted funds are considered to be gifts of enduring property as the donations are subject to written direction that the Foundation hold these gifts for a period of at least ten years. These donations are considered to be externally restricted.

The restricted funds also include internally restricted allocations of grants which are allocated by the foundation based on specific criteria governing each fund.

The balance sheet presents the combined assets and liabilities of all funds.

#### **Contributed goods and services**

Contributed assets, which are transferred to the Foundation, are recognized at their fair market value in the financial statements at the time of acceptance by the Foundation, if determinable.

Volunteers and other organizations have contributed significant time and resources to assist the foundation in carrying out its programs and activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### **Financial instruments**

The Foundation's financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities. The foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized costs, except for cash and marketable securities.

Investments consist of money market investments, and mutual fund trust units. The measurement of fair value is determined by published price quotations in an active market. Net gains and losses arising from changes in fair value are recognized in the revenue and expenses of the Operating and Restricted Funds for the year.

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# CANADIAN RUGBY FOUNDATION

## Notes to the Financial Statements

December 31, 2022

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### 2. Accounting policies (continued)

#### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts 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. Items requiring the use of estimates include the estimated useful life of tangible capital assets, accrued liabilities and rates for amortization. Actual results could differ from these estimates.

#### Tangible capital assets and amortization

Tangible capital assets are recorded at cost and are being amortized over their estimated useful lives using the following rates and methods:

Computer hardware	-	55% declining balance
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# CANADIAN RUGBY FOUNDATION

## Notes to the Financial Statements

December 31, 2022

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### 3. Financial risks and concentration of risk

The foundation actively manages the risks that arise from its use of financial instruments, including liquidity, credit, market, and interest rate risk. The Foundation does not utilize derivatives or other off-balance sheet instruments, nor does the Foundation engage in hedging transactions.

#### *Liquidity risk*

Liquidity risk is the risk that the Foundation will be unable to fulfil its obligations on a timely basis or at a reasonable cost. A key liquidity requirement for the Foundation is grant commitments and monitoring its operating requirements. Liquidity risk is managed by investing the majority of the Foundation's assets in investments that are traded in an active market and can be readily liquidated and by monitoring its operating requirements. In addition, the Foundation aims to retain sufficient cash positions to maintain liquidity. The Foundation's investments are considered readily realizable and liquid, in management's opinion the Foundation's liquidity risk is considered minimal. There has been no change to the risk exposures from 2021.

#### *Credit risk*

Credit risk is the potential for a financial loss should a counter party in a transactions fail to meet its obligations. The Foundation's investments in short-term investments, bonds and debentures are subject to credit risk. The maximum exposure to credit risk on these financial instruments is their carrying values.

#### *Market risk*

Returns on the Foundation's investments are subject to risk factors specific to general economic conditions. The market value presents the Foundation's maximum exposure to market risk. The Foundation reduces this risk through the use of an external investment manager that invests in a diversified portfolio.

#### *Interest rate risk*

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Foundation is exposed to this type of risk as a result of investments in short-term investments, bonds and money market funds. The risk associated with investments is managed by the external investment manager. The Foundation's exposure to interest rate risk is also linked to its demand loan payable which carries an interest rate linked to the prime rate, and must be renewed from time to time.

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## Notes to the Financial Statements

December 31, 2022

### 4. Investments

Investments are managed on a discretionary basis by Leith Wheeler Investment Counsel Ltd. and are reported at market value. The asset allocations at year end are as follows.

	2022	2021
Fixed income investments	\$ 4,974,459	\$ 8,135,353
Equity investments	13,453,148	10,732,703
<b>Fair market value of investments</b>	<b>\$ 18,427,607</b>	<b>\$ 18,868,056</b>

### 5. Tangible capital assets

	Cost	Accumulated Amortization	Net Book Value 2022	2021
Computer hardware	\$ 1,046	\$ 1,046	\$ -	\$ 34

### 6. Demand loan payable

	2022	2021
CIBC Loan		
Facility of \$1,500,000 repayable on demand, until demand interest is payable at prime rate plus 0.50% monthly	\$ 298,399	\$ 440,851

Payment terms of the demand loan payable on the final advance of the facility are 120 blended interest and principal payments of \$15,000 per month, with any outstanding balance due at the end of the 120 month term.

The demand loan is backed by a general security agreement and a securities pledge that pledges the securities held in an account maintained by Leith Wheeler Investment Counsel Ltd. limited to an amount of \$4,000,000. The fair market value of the securities pledged at December 31, 2022 is \$7,160,120.

Loan proceeds have been advanced based on pledges made by donors.

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## Notes to the Financial Statements

December 31, 2022

### 7. Restricted funds

Restricted funds are managed under two separate programs.

The first program manages 72 dedicated funds that have been established by various donors in support of scholarships, programs and clubs. The funds are eligible to receive up to \$20,000 in matching funds from the Foundation and are allocated investment income at a targeted rate of return of 3.5% annually. Representatives of the funds may determine if annual returns are re-invested or distributed. No distributions are made until the fund reaches \$25,000 or \$10,000 for scholarships. Capital can be withdrawn for capital projects at a rate of up to 50% of contributions or upon agreement with the board of directors of the Foundation in special circumstances.

Contributions made by donors to these funds are externally restricted by a representative of the fund. The allocation of grants and investment income to these funds is an internal restriction resulting from allocations approved by the Foundation.

The second program manages 5 specific funds that have been established as their own investment accounts managed within the foundation for a minimum term of 25 years. These funds must retain minimum value of \$1 Million to allow for all investment income, capital appreciation and changes in market value to be allocated directly to these funds and are subject to an administration and general fee ranging from 1% to 1.7% annually payable to the operating fund. If the minimum values are not met, the funds will receive an investment income allocation of 3.5% on the first \$100,000 and 4% on amounts exceeding \$100,000 and is no longer subject to the administration and general fee.

Annual distributions of income are allowed and requests to withdraw capital can be made to fund capital projects based on the agreements of each fund. Contributions made by donors to these funds are externally restricted by a representative of the fund.

Included in the Foundation's total net assets are both types of restricted funds in the fund balances which are comprised of the following transactions in the year.

	2022	2021
Opening balance	\$ 17,816,887	\$ 4,634,190
Increases		
Restricted donations received	1,161,275	12,757,993
Internally restricted investment income allocated	751,815	557,205
Internally restricted grants allocated	142,816	269,129
Decreases		
Fund distributions	(433,988)	(138,678)
Change in fair market value	(740,975)	(262,952)
Investment management fees	(58,311)	-
Closing balance	\$ 18,639,519	\$ 17,816,887

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## CANADIAN RUGBY FOUNDATION

### Notes to the Financial Statements

December 31, 2022

#### 8. Investment income

Investment income is comprised of the following:

	2022	2021
Dividend income	\$ 127,233	\$ 47,543
Foreign investment income	265,057	157,377
Interest income	156,373	55,836
Capital gain dividends	335,161	602,952
Gain on the sale of securities	14,219	362,388
	<b>\$ 898,043</b>	<b>\$ 1,226,096</b>

#### 9. Life insurance policies

The Foundation is the owner and beneficiary of four life insurance policies with face amounts totaling \$450,000 (2021 - \$450,000).

During the year, the Foundation did not receive any payouts on these life insurance policies (2021 - no payouts).

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