

BRITISH COLUMBIA RUGBY UNION

FINANCIAL STATEMENTS

31 MARCH 2018

BRITISH COLUMBIA RUGBY UNION

Financial Statements

For the Year Ended 31 March 2018

Contents

Independent Auditors' Report	
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
Schedule 1 - Dues	13
Schedule 2 - Representative Teams Expenses	14
Schedule 3 - Administrative Expenses	15
Schedule 4 - Commercial Activities	16
Schedule 5 - Rugby Central	16



INDEPENDENT AUDITORS' REPORT

To the Members,
British Columbia Rugby Union

Report on the Financial Statements

We have audited the accompanying financial statements of British Columbia Rugby Union, which comprise the statement of financial position as at 31 March 2018 and the statements of operations and changes in fund balances 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.

Auditors' 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 auditors' 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 qualified audit opinion.



INDEPENDENT AUDITORS' REPORT - Continued

Basis for Qualified Opinion

In common with many non-profit organizations, the British Columbia Rugby Union derives revenue from donations and admissions to events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the British Columbia Rugby Union and we are unable to determine whether adjustments might be necessary to revenues, excess of revenues over expenses and fund balances.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the British Columbia Rugby Union as at 31 March 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Rolfe, Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
16 June 2018

BRITISH COLUMBIA RUGBY UNION
Statement of Financial Position
31 March 2018

	Operating Fund		Tour Legacy Fund		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Assets						
Current						
Cash and cash equivalents	214,502	252,487	61,698	61,603	276,200	314,090
Accounts receivable (Note 3)	144,988	121,536	-	-	144,988	121,536
Prepaid expenses	53,740	38,562	-	-	53,740	38,562
	413,230	412,585	61,698	61,603	474,928	474,188
Due from other fund	-	-	26,300	26,300	26,300	26,300
Tangible capital assets (Note 4)	29,425	33,167	-	-	29,425	33,167
	442,655	445,752	87,998	87,903	530,653	533,655
Liabilities						
Current						
Accounts payable and accrued liabilities	84,728	54,394	-	-	84,728	54,394
Deferred revenue	9,420	25,080	-	-	9,420	25,080
Refundable deposits	20,850	20,650	-	-	20,850	20,650
	114,998	100,124	-	-	114,998	100,124
Due to other fund	26,300	26,300	-	-	26,300	26,300
	141,298	126,424	-	-	141,298	126,424
Commitments (Note 7)						
Fund Balances						
Invested in tangible capital assets	29,425	33,167	-	-	29,425	33,167
Internally restricted	-	-	87,998	87,903	87,998	87,903
Unrestricted	271,932	286,161	-	-	271,932	286,161
	301,357	319,328	87,998	87,903	389,355	407,231
	442,655	445,752	87,998	87,903	530,653	533,655

APPROVED BY THE DIRECTORS:

Director

Director

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA RUGBY UNION
Statement of Operations and Changes in Fund Balances
For the Year Ended 31 March 2018

	Revenues		Expenses		Excess (deficiency) of revenue over expenses	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
		(Note 11)		(Note 11)		(Note 11)
Operating Fund						
Dues - Schedule 1	296,204	308,638	-	-	296,204	308,638
Government grants	509,949	380,827	-	-	509,949	380,827
Commercial activities - Schedule 4	432,619	367,351	174,613	132,439	258,006	234,912
Representative teams - Schedule 2 (Note 6)	684,492	613,973	857,885	681,462	(173,393)	(67,489)
Rugby central - Schedule 5	86,017	79,964	242,264	275,622	(156,247)	(195,658)
Human resources	-	-	634,968	517,249	(634,968)	(517,249)
Administration - Schedule 3	12,003	1,315	129,525	125,044	(117,522)	(123,729)
	2,021,284	1,752,068	2,039,255	1,731,816	(17,971)	20,252
Fund balance - beginning of year					319,328	299,076
Fund balance - end of year					301,357	319,328
Tour Legacy Fund						
Administration	95	62	-	-	95	62
Fund balance - beginning of year					87,903	87,841
Fund balance - end of year					87,998	87,903
Fund Balance Totals						
Excess (deficiency) of revenues over expenses					(17,876)	20,314
Fund balance - beginning of year					407,231	386,917
Fund balance - end of year					389,355	407,231

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA RUGBY UNION**Statement of Cash Flows****For the Year Ended 31 March 2018**

	2018	2017
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses	\$ (17,876)	\$ 20,314
Item not involving cash		
Amortization	<u>10,023</u>	10,255
	<u>(7,853)</u>	30,569
Changes in non-cash working capital balances		
Accounts receivable	(23,452)	(47,434)
Prepaid expenses	(15,178)	25,357
Accounts payable and accrued liabilities	30,334	17,672
Deferred revenue	(15,660)	23,496
Refundable deposits	<u>200</u>	200
	<u>(31,609)</u>	49,860
Investing activities		
Purchase of tangible capital assets	<u>(6,281)</u>	(13,148)
Net decrease in cash	(37,890)	36,712
Cash and cash equivalents - beginning of year	<u>314,090</u>	277,378
Cash and cash equivalents - end of year	\$ 276,200	\$ 314,090
Represented by:		
Cash	\$ 214,502	\$ 252,487
Term deposits	<u>61,698</u>	61,603
	<u>\$ 276,200</u>	<u>\$ 314,090</u>

The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA RUGBY UNION
Notes to the Financial Statements
For the Year Ended 31 March 2018

1. Nature of Operations

(a) Purpose of Organization

The objectives of the British Columbia Rugby Union (“BCRU”) are to grow, develop and manage the sport of Rugby in the Province of British Columbia. The BCRU is incorporated under the Societies Act of British Columbia as a not-for-profit organization and as such, the Rugby Union is not subject to income taxes.

(b) Seasonality

A significant component of the BCRU’s operations and operational budget relates to the representative team programs as detailed in Schedule 2. These programs normally take place in the months of July and August. Due to the seasonal nature of these programs, higher expenditures and financial commitments are expected during these months. Cash balances held at year end facilitate these programs which require deposits and financial commitments in early spring.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Fund Accounting

The BCRU follows the fund method of accounting.

i. Operating Fund

The Operating Fund accounts for program delivery and administrative activities. This fund reports unrestricted resources, funds invested in capital assets, and restricted operating grants and contributions.

ii. Tour Legacy Fund

The Tour Legacy Fund has been established to generate and provide funds for the following purposes:

- (a) management and promotion of BCRU representative games;
- (b) development of the BCRU representative players’ alumni program; and
- (c) establishment of the BCRU representative teams’ endowment fund.

Net proceeds of major rugby matches, managed by the Finance Committee, will be retained by the fund to offset expenses and provide advance funds for tournament promotion.

BRITISH COLUMBIA RUGBY UNION
Notes to the Financial Statements
For the Year Ended 31 March 2018

2. Summary of Significant Accounting Policies - continued

(b) Revenue Recognition

The BCRU follows the restricted fund method of accounting for contributions. Revenues include donations from supporters, government grants and fundraising events. Due to the nature of donations and fundraising events, revenue relating to these sources is generally recorded in the appropriate fund when the funds are received.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized over their estimated useful lives as follows:

Computer hardware	30% declining balance
Office equipment	20% declining balance

One-half of the normal amortization is recorded for assets purchased during the year.

(d) Impairment of Long-lived Assets

The BCRU tests long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recovered. When a tangible capital asset or intangible asset no longer contributes to the services provided by the BCRU its carrying value amount is written down to its residual value. No impairment losses were determined by management to be necessary for the year.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Amounts subject to estimates include amortization of tangible capital assets, accrued liabilities and recognition of deferred revenues. Management believes that the estimates utilized in preparing the financial statements are prudent and reasonable, however, actual results could differ from those estimates.

BRITISH COLUMBIA RUGBY UNION
Notes to the Financial Statements
For the Year Ended 31 March 2018

2. Summary of Significant Accounting Policies - continued

(f) Cash and Cash Equivalents

The BCRU's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition.

(g) Financial Instruments

i. Measurement of Financial Instruments

The BCRU initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and refundable deposits.

ii. Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

iii. Transaction Costs

The BCRU recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. Accounts Receivable

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 150,428	\$ 125,046
Allowance for doubtful accounts	(5,440)	(3,510)
	<u>\$ 144,988</u>	<u>\$ 121,536</u>

BRITISH COLUMBIA RUGBY UNION
Notes to the Financial Statements
For the Year Ended 31 March 2018

4. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
			2018	2017
Computer hardware	\$ 109,808	\$ 87,335	\$ 22,473	\$ 24,477
Office equipment	31,354	24,402	6,952	8,690
	<u>\$ 141,162</u>	<u>\$ 111,737</u>	<u>\$ 29,425</u>	<u>\$ 33,167</u>

5. Vancouver Foundation - Legacy Fund

The BCRU has established a Legacy Fund with the Vancouver Foundation on the following terms:

- (a) The capital of the fund and any additions thereto shall be held permanently by the Vancouver Foundation.
- (b) The income of the Fund may be disbursed to the Rugby Union to finance the objectives of the Union.

During the year, interest income of \$Nil was received from funds held by the Vancouver Foundation - Legacy Fund.

6. Representative Teams Contributions

These financial statements do not include other income and expenses raised or incurred by the teams in excess of the amounts presented. The financial results of representative teams vary due to factors such as travel destinations, program format and number of staff, volunteers and participants. The age groups, hosting locations and program offerings can change from year to year.

7. Commitments

- (a) Premises

Occupancy commitments under operating leases are as follows:

2019	\$ 35,085
2020	<u>17,542</u>
	<u>\$ 52,627</u>

BRITISH COLUMBIA RUGBY UNION
Notes to the Financial Statements
For the Year Ended 31 March 2018

7. Commitments - continued

(b) Facility Access Agreement

The BCRU entered into an agreement with The University of British Columbia ("UBC") giving the BCRU access, use and booking rights for the Gerald McGavin Rugby Pavilion, the Pavilion Rugby Pitch and Wolfson Fields. The agreement commenced on 16 April 2012, is in effect for ten years and requires an annual payment of \$20,000 from the BCRU to UBC.

8. Credit Facility

The BCRU has available an operating line of credit of \$30,000 which bears interest at the bank's prime rate plus 1.5% per annum and is due on demand. The operating line is secured by certain term deposits. As at 31 March 2018, the credit facility was not in use by the BCRU.

9. Financial Instruments

The BCRU is exposed to various risks through its financial instruments. The following analysis provides a measure of the BCRU's risk exposure and concentrations at the statement of financial position date, 31 March 2018.

(a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The BCRU is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. There has been no change to the risk exposure from the prior year.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. BCRU's main credit risks relate to its accounts receivable. There has been no change to the risk exposure from the prior year.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The BCRU is exposed to interest rate risk on its floating interest rate financial instruments. Floating rate instruments subject the BCRU to a cash flow risk. There has been no change to the risk exposure from the prior year.

BRITISH COLUMBIA RUGBY UNION
Notes to the Financial Statements
For the Year Ended 31 March 2018

10. The British Columbia Societies Act

The new British Columbia Societies Act (“the Act”) came into effect on 28 November 2016. The new Act requires a society (other than a society designated as a member-funded society) to include, in its financial statements, the disclosure of any remuneration paid to its directors, and remuneration paid to employees and contractors earning more than \$75,000 during the fiscal year. For the fiscal year ended 31 March 2018, the BCRU had one employee with remuneration in excess of \$75,000, and the total amount of their remuneration was \$92,500, and the BCRU made no distributions to any directors for the fiscal year ended 31 March 2018.

11. Comparative Figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

BRITISH COLUMBIA RUGBY UNION**Schedule 1 - Dues****For the Year Ended 31 March 2018**

	2018	2017
<hr/>		
Dues		
Membership dues	\$ 160,326	\$ 163,375
Junior dues	79,606	69,433
Mini rugby dues	45,604	43,610
2 week summer membership dues	4,418	4,020
High school team dues	1,000	24,000
	<hr/> 290,954	304,438
Premier league dues	5,250	4,200
	<hr/> \$ 296,204	\$ 308,638

BRITISH COLUMBIA RUGBY UNION
Schedule 2 - Representative Teams Expenses (Note 6)
For the Year Ended 31 March 2018

	Number of teams (unaudited)	2018	Number of teams (unaudited)	2017 (Note 11)
Provincial Teams				
Contributions		\$ (684,492)		\$ (613,973)
Expenses		857,885		681,462
		<u>\$ 173,393</u>		<u>\$ 67,489</u>
Comprised of:				
Provincial teams expenses (recoveries) - net				
Senior men	1	\$ 65,404	1	\$ 41,269
Under 23 - men 7s	1	5,192	1	1,441
Under 19 - men	1	(15,116)	1	12,330
Under 18 - men	1	27,080	1	6,476
Under 18 - men 7s	1	3,838	2	10,705
Under 17 - men	1	(1,206)	1	5,470
Under 16 - men	2	10,654	2	6,495
Under 16 - men 7s	-	-	1	1,030
Under 15 - men	1	(1,928)	1	3,338
Under 14 - boys	1	(974)	1	1,934
		<u>92,944</u>		<u>90,488</u>
Senior women	1	30,385	1	25,961
Under 23 - women 7s	1	8,457	1	3,858
Under 21 - women	1	523	1	14,831
Under 18 - women	1	25,832	1	8,918
Under 18 - women 7s	1	7,227	2	6,766
Under 17 - women	1	(3,724)	-	-
Under 16 - women	1	682	1	6,860
Under 16 - women 7s	1	(71)	1	(1,680)
Under 15 - women	1	241	1	3,651
		<u>69,552</u>		<u>69,165</u>
Other expenses (recoveries)				
ID sessions		(7,053)		-
Player subsidies		17,950		-
Other Sevens teams funding		-		(92,164)
		<u>\$ 173,393</u>		<u>\$ 67,489</u>

BRITISH COLUMBIA RUGBY UNION**Schedule 3 - Administrative Expenses****For the Year Ended 31 March 2018**

	2018	2017
Administrative expenses		
Rent, utilities and parking	\$ 57,799	\$ 53,678
Provincial office	44,291	43,941
Meetings, conferences and travel	9,797	9,603
Professional fees	7,615	7,567
Amortization	10,023	10,255
	<u>129,525</u>	<u>125,044</u>
Miscellaneous	(12,003)	(1,315)
	<u>\$ 117,522</u>	<u>\$ 123,729</u>

BRITISH COLUMBIA RUGBY UNION
Schedule 4 - Commercial Activities
For the Year Ended 31 March 2018

	Revenues		Expenses		Excess (deficiency) of revenue over expenses	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
		(Note 11)		(Note 11)		(Note 11)
Fundraising and sponsorships	351,452	272,290	62,000	46,667	289,452	225,623
Events	58,110	76,333	83,871	74,746	(25,761)	1,587
Education and other	23,057	18,728	28,742	11,026	(5,685)	7,702
	432,619	367,351	174,613	132,439	258,006	234,912

BRITISH COLUMBIA RUGBY UNION
Schedule 5 - Rugby Central
For the Year Ended 31 March 2018

	Revenues		Expenses		Deficiency of revenue over expenses	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
		(Note 11)		(Note 11)		(Note 11)
High performance programs	32,443	28,825	48,487	145,454	(16,044)	(116,629)
Club and community rugby	11,081	16,672	59,906	23,390	(48,825)	(6,718)
Competitions	25,795	18,750	45,308	63,202	(19,513)	(44,452)
Other rugby operations	16,698	15,717	88,563	43,576	(71,865)	(27,859)
	86,017	79,964	242,264	275,622	(156,247)	(195,658)