

BRITISH COLUMBIA RUGBY UNION

FINANCIAL STATEMENTS

31 MARCH 2019

BRITISH COLUMBIA RUGBY UNION
Financial Statements
For the Year Ended 31 March 2019

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INDEPENDENT AUDITORS' REPORT

To the Directors,
British Columbia Rugby Union,

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of British Columbia Rugby Union (the “BCRU”), which comprise the statement of financial position as at 31 March 2019, and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of BCRU as at 31 March 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, BCRU derives revenue from fundraising activities and admission to events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of BCRU. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended 31 March 2019 and 2018, current assets as at 31 March 2019 and 2018, and net assets as at 1 January and 31 December for both the 2019 and 2018 years.

Our audit opinion on the financial statements for the year ended 31 March 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of BCRU 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 qualified audit opinion.



INDEPENDENT AUDITORS' REPORT - continued

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 BCRU'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 BCRU or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing BCRU's financial reporting process.

Auditors' 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 auditors' 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 BCRU's internal control.



INDEPENDENT AUDITORS' REPORT - continued

- 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 BCRU's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause BCRU 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.

Report on Other Legal and Regulatory Requirements

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

Rolfe, Benson LLP

Chartered Professional Accountants

Vancouver, BC
5 July 2019

BRITISH COLUMBIA RUGBY UNION
Statement of Financial Position
31 March 2019

	Operating Fund		Tour Legacy Fund		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Assets						
Current						
Cash and cash equivalents	170,215	214,502	61,823	61,698	232,038	276,200
Accounts receivable (Note 3)	195,044	144,988	-	-	195,044	144,988
Prepaid expenses	68,149	53,740	-	-	68,149	53,740
	433,408	413,230	61,823	61,698	495,231	474,928
Due from other fund	-	-	26,300	26,300	26,300	26,300
Tangible capital assets (Note 4)	22,773	29,425	-	-	22,773	29,425
	456,181	442,655	88,123	87,998	544,304	530,653
Liabilities						
Current						
Accounts payable and accrued liabilities	121,130	84,728	-	-	121,130	84,728
Deferred revenue	615	9,420	-	-	615	9,420
Refundable deposits	22,050	20,850	-	-	22,050	20,850
	143,795	114,998	-	-	143,795	114,998
Due to other fund	26,300	26,300	-	-	26,300	26,300
	170,095	141,298	-	-	170,095	141,298
Commitments (Note 7)						
Fund Balances						
Invested in tangible capital assets	22,773	29,425	-	-	22,773	29,425
Internally restricted	-	-	88,123	87,998	88,123	87,998
Unrestricted	263,313	271,932	-	-	263,313	271,932
	286,086	301,357	88,123	87,998	374,209	389,355
	456,181	442,655	88,123	87,998	544,304	530,653

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 2019

	Revenues		Expenses		Excess (deficiency) of revenue over expenses	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Operating Fund						
Dues - Schedule 1	317,010	296,204	-	-	317,010	296,204
Government grants	453,275	509,949	-	-	453,275	509,949
Commercial activities - Schedule 4	543,319	432,619	224,753	174,613	318,566	258,006
Representative teams - Schedule 2 (Note 6)	729,169	684,492	966,053	857,885	(236,884)	(173,393)
Rugby central - Schedule 5	100,853	86,017	244,238	242,264	(143,385)	(156,247)
Human resources	-	-	588,106	634,968	(588,106)	(634,968)
Administration - Schedule 3	7,639	12,003	143,386	129,525	(135,747)	(117,522)
	<u>2,151,265</u>	<u>2,021,284</u>	<u>2,166,536</u>	<u>2,039,255</u>	<u>(15,271)</u>	<u>(17,971)</u>
Fund balance - beginning of year					<u>301,357</u>	<u>319,328</u>
Fund balance - end of year					<u>286,086</u>	<u>301,357</u>
Tour Legacy Fund						
Administration	125	95	-	-	125	95
	<u>125</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>95</u>
Fund balance - beginning of year					<u>87,998</u>	<u>87,903</u>
Fund balance - end of year					<u>88,123</u>	<u>87,998</u>
Fund Balance Totals						
Excess (deficiency) of revenues over expenses					(15,146)	(17,876)
Fund balance - beginning of year					<u>389,355</u>	<u>407,231</u>
Fund balance - end of year					<u>374,209</u>	<u>389,355</u>

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 2019**

	2019	2018
Cash provided by (used in):		
Operating activities		
Deficiency of revenues over expenses	\$ (15,146)	\$ (17,876)
Item not involving cash		
Amortization	8,391	10,023
	<u>(6,755)</u>	<u>(7,853)</u>
Changes in non-cash working capital balances		
Accounts receivable	(50,056)	(23,452)
Prepaid expenses	(14,409)	(15,178)
Accounts payable and accrued liabilities	36,403	30,334
Deferred revenue	(8,808)	(15,660)
Refundable deposits	1,200	200
	<u>(42,425)</u>	<u>(31,609)</u>
Investing activities		
Purchase of tangible capital assets	<u>(1,737)</u>	<u>(6,281)</u>
Net decrease in cash	(44,162)	(37,890)
Cash and cash equivalents - beginning of year	<u>276,200</u>	<u>314,090</u>
Cash and cash equivalents - end of year	\$ 232,038	\$ 276,200
Represented by:		
Cash	\$ 170,215	\$ 214,502
Term deposits	61,823	61,698
	<u>\$ 232,038</u>	<u>\$ 276,200</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 2019

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, providing certain requirements are met.

(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 2019

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 2019

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

	2019	2018
Accounts receivable	\$ 200,484	\$ 150,428
Allowance for doubtful accounts	(5,440)	(5,440)
	\$ 195,044	\$ 144,988

BRITISH COLUMBIA RUGBY UNION
Notes to the Financial Statements
For the Year Ended 31 March 2019

4. Tangible Capital Assets

	<u>Cost</u>		<u>Accumulated Amortization</u>		<u>Net Book Value</u>	
					2019	2018
Computer hardware	\$	111,496	\$	94,330	\$	17,166
Office equipment		31,404		25,797		5,607
	<u>\$</u>	<u>142,900</u>	<u>\$</u>	<u>120,127</u>	<u>\$</u>	<u>22,773</u>
					<u>\$</u>	<u>29,425</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 (2018 - \$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 excluding operating costs are as follows:

2020	<u>\$ 17,542</u>
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BRITISH COLUMBIA RUGBY UNION
Notes to the Financial Statements
For the Year Ended 31 March 2019

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 \$20,000 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 2019, 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 2019.

(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 2019

10. The British Columbia Societies Act

The new British Columbia Societies Act (“the Act”) came into effect on 28 November 2016. The 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 2019, the BCRU had no employee with remuneration in excess of \$75,000 and the BCRU made no distributions to any directors for the fiscal year ended 31 March 2019.

11. Comparative Figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

BRITISH COLUMBIA RUGBY UNION**Schedule 1 - Dues****For the Year Ended 31 March 2019**

	2019	2018
Dues		(Note 11)
Senior team membership dues	\$ 156,014	\$ 165,576
Junior dues	98,772	79,606
Mini rugby dues	36,050	45,604
2-week summer membership dues	6,266	4,418
High school team dues	19,908	1,000
	<u>\$ 317,010</u>	<u>\$ 296,204</u>

BRITISH COLUMBIA RUGBY UNION
Schedule 2 - Representative Teams Expenses (Note 6)
For the Year Ended 31 March 2019

	Number of teams (unaudited)	2019	Number of teams (unaudited)	2018
Provincial Teams				
Contributions		\$ (729,169)		\$ (684,492)
Expenses		966,053		857,885
		<u>\$ 236,884</u>		<u>\$ 173,393</u>
Comprised of:				
Provincial teams expenses (recoveries) - net				
Senior men	1	\$ 54,397	1	\$ 65,404
Under 23 - men	1	1,451	-	-
Under 23 - men 7s	1	17,636	1	5,192
Under 19 - men	1	10,128	1	(15,116)
Under 18 - men	1	22,116	1	27,080
Under 18 - men 7s	4	(1,176)	1	3,838
Under 17 - men	1	1,648	1	(1,206)
Under 16 - men	2	(645)	2	10,654
Under 16 - men 7s	2	(3,240)	-	-
Under 15 - men	1	1,083	1	(1,928)
Under 14 - boys	1	5,339	1	(974)
		<u>108,737</u>		<u>92,944</u>
Senior women	1	65,923	1	30,385
Under 23 - women 7s	1	8,523	1	8,457
Under 21 - women	1	16,808	1	523
Under 18 - women	1	17,134	1	25,832
Under 18 - women 7s	1	1,915	1	7,227
Under 17 - women	1	8,313	1	(3,724)
Under 16 - women	1	3,278	1	682
Under 16 - women 7s	3	(4,133)	1	(71)
Under 15 - women	1	(874)	1	241
		<u>116,887</u>		<u>69,552</u>
Other expenses (recoveries)				
ID sessions		(6,584)		(7,053)
Player subsidies		17,844		17,950
Other Sevens teams funding		-		-
		<u>\$ 236,884</u>		<u>\$ 173,393</u>

BRITISH COLUMBIA RUGBY UNION**Schedule 3 - Administrative Expenses****For the Year Ended 31 March 2019**

	2019	2018
Administrative expenses (recoveries)		
Rent, utilities and parking	\$ 58,839	\$ 57,799
Provincial office	60,345	44,291
Meetings, conferences and travel	5,711	9,797
Professional fees	10,100	7,615
Amortization	8,391	10,023
	<hr/> 143,386	<hr/> 129,525
Miscellaneous	(7,639)	(12,003)
	<hr/> \$ 135,747	<hr/> \$ 117,522

BRITISH COLUMBIA RUGBY UNION
Schedule 4 - Commercial Activities
For the Year Ended 31 March 2019

	Revenues		Expenses		Excess (deficiency) of revenue over expenses	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Fundraising and sponsorships	444,001	351,452	111,832	62,000	332,169	289,452
Events	81,232	58,110	97,601	83,871	(16,369)	(25,761)
Education and other	18,086	23,057	15,320	28,742	2,766	(5,685)
	543,319	432,619	224,753	174,613	318,566	258,006

BRITISH COLUMBIA RUGBY UNION
Schedule 5 - Rugby Central
For the Year Ended 31 March 2019

	Revenues		Expenses		Excess (deficiency) of revenue over expenses	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
High performance programs	48,244	32,443	28,339	48,487	19,905	(16,044)
Club and community rugby	7,632	11,081	40,617	59,906	(32,985)	(48,825)
Competitions	30,707	25,795	106,476	45,308	(75,769)	(19,513)
Other rugby operations	14,270	16,698	68,806	88,563	(54,536)	(71,865)
	100,853	86,017	244,238	242,264	(143,385)	(156,247)