

CANADIAN RUGBY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015

UNAUDITED





TRENHOLME & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

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REVIEW ENGAGEMENT REPORT

To the Directors

We have reviewed the statement of financial position of Canadian Rugby Foundation as at December 31, 2015 and the statements of operations, change in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

In common with many charitable organizations, the Foundation derives part of its revenue from donations and bequests, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, our review of these revenues was limited to the amounts recorded in the records of the Foundation, and we were not able to determine whether any adjustments might be necessary to donation and bequest revenues, total revenue, excess of revenue over expenditures for the year, current assets or net assets.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to complete our review of the donations and bequests revenue, as described in the preceding paragraph, 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.

Chartered Professional Accountants LLP

Victoria, British Columbia
April 11, 2016

CANADIAN RUGBY FOUNDATION
Statement of Financial Position
December 31, 2015

	2015	2014
ASSETS		
Current assets		
Cash	\$ 284,285	\$ 121,148
Accounts receivable	9,051	7,250
Investments (note 3)	2,685,198	2,313,226
	2,978,534	2,441,624
Tangible capital assets		
Property and equipment (note 4)	168	287
	\$ 2,978,702	\$ 2,441,911

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities	\$ 14,859	\$ 6,149
Net assets		
Restricted funds	2,571,440	2,245,060
Operating fund	392,403	190,702
	2,963,843	2,435,762
	\$ 2,978,702	\$ 2,441,911

Approved by the Directors

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION**Statement of Change in Net Assets****Year ended December 31, 2015**

	Operating fund	Restricted fund	Total 2015	Total 2014
Net assets, beginning of year	\$ 190,702	\$ 2,245,060	\$ 2,435,762	\$ 2,314,649
Excess of revenues over expenses for the year	201,701	326,380	528,081	121,113
Net assets, end of year	\$ 392,403	\$ 2,571,440	\$ 2,963,843	\$ 2,435,762

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION**Statement of Operations****Year ended December 31, 2015**

	Operating fund	Restricted fund	Total 2015	Total 2014
Revenue				
Donation receipts	\$ 66,697	\$ 728,026	\$ 794,723	\$ 137,842
Fundraising activities	94,769	-	94,769	98,846
Dividend revenue	52,245	-	52,245	52,554
Interest revenue	31,205	-	31,205	30,536
Gain (loss) on sales of marketable securities	-	28,616	28,616	(18,114)
(Loss) gain on fair value of marketable securities	-	(295,304)	(295,304)	16,420
	244,916	461,338	706,254	318,084
Expenses				
Gifts to qualified donees	-	123,419	123,419	96,973
Fundraising activities	16,479	-	16,479	61,844
Accounting and legal	6,537	6,536	13,073	13,603
Office and sundry	4,158	4,159	8,317	7,390
Life insurance premium costs	15,198	-	15,198	15,198
Telephone and utilities	260	261	521	745
Amortization	59	59	118	202
Bank charges and interest	524	524	1,048	1,016
	43,215	134,958	178,173	196,971
Excess revenues over expenses for the year	\$ 201,701	\$ 326,380	\$ 528,081	\$ 121,113

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION**Statement of Cash Flows****Year ended December 31, 2015**

	2015	2014
Cash provided from (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 528,081	\$ 121,113
Items not involving cash:		
(Gain) loss on sale of investments	(28,616)	18,114
Loss (Gain) in fair value of marketable securities	295,304	(16,420)
Amortization	118	202
	<u>794,887</u>	<u>123,009</u>
Changes in non-cash operating working capital		
Change in trade accounts receivable	(1,801)	2,833
Change in inventory	-	283
Change in prepaid expenses	-	50,050
Change in accounts payable	8,710	(1,168)
	<u>6,909</u>	<u>51,998</u>
Cash flows used in investing		
Proceeds from sale of investments	667,755	939,731
Purchase of investments	(1,306,414)	(1,043,355)
	<u>(638,659)</u>	<u>(103,624)</u>
Increase in cash and cash equivalents during the year	163,137	71,383
Cash and cash equivalents, beginning of year	121,148	49,765
Cash and cash equivalents, end of year	\$ 284,285	\$ 121,148

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION

Notes to the Financial Statements

December 31, 2015

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. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organization and include the following significant accounting policies:

(a) Revenue recognition

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 and dividends earned on the Unrestricted and Restricted Funds and is recognized as revenue of the Unrestricted Fund. Investment income from realized and unrealized market gains and losses is recognized as revenue or losses of the Restricted Fund.

(b) Funds

For financial reporting purposes, the accounts have been classified into the following funds:

(i) Unrestricted

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.

(ii) Restricted

The Restricted Fund 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. Income earned on restricted funds is used for operational activities.

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

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CANADIAN RUGBY FOUNDATION

Notes to the Financial Statements

December 31, 2015

2. Accounting policies (continued)

(c) 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.

(d) Financial Instruments

The Foundation's financial instruments consist of investments, accounts receivable, prepaid expenses, 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 common and preferred shares, money market investments, and 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 Restricted Funds for the year.

(e) 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 equipment, accrued liabilities and rates for amortization. Actual results could differ from these estimates.

(f) Allocation of expenses

The Foundation allocates expenses that are not directly attributable to a specific fund between funds based on estimated time and use. Management estimates that the allocation for these expenses is equal between the operating fund (50%) and the restricted funds (50%).

(g) Property and equipment and amortization

Property and equipment 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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Notes to the Financial Statements

December 31, 2015

3. Investments

Investments are managed on a discretionary basis by an external investment manager and are reported at market value. The asset allocations at year end are as follow:

	2015	2014
Money market investments	\$ 75,363	\$ -
Fixed income investments	1,039,667	792,755
Equity investments	1,570,168	1,520,471
Fair market value of investments	\$ 2,685,198	\$ 2,313,226

4. Property and equipment

	Cost	Accumulated Amortization	Net Book Value	
			2015	2014
Computer hardware	\$ 1,148	\$ 980	\$ 168	\$ 287

5. Financial risks management

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

(a) 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, therefore the Foundation's liquidity risk is considered minimal. There has been no change to the risk exposures from 2014.

(b) 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.

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Notes to the Financial Statements

December 31, 2015

5. Financial risks management (continued)

(c) Market risk and foreign currency risk:

Included in the Foundation's equity holdings are foreign equities. The Foundation's foreign equities are subject to the risk that values of the investments will fluctuate due to changes in foreign exchange rates. 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/credit risk. The Foundation reduces this risk by investing in a portfolio that is diversified.

(d) 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.

6. Comparative figures

Cash and receipts from fundraising activities have been restated in the prior year's figures to conform with the current year's method of presentation.

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