

CANADIAN RUGBY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2016 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 expenses 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 10, 2017

CANADIAN RUGBY FOUNDATION
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 206,383	\$ 284,285
Accounts receivable	1,747	9,051
Investments (note 3)	3,380,240	2,685,198
Prepaid expenses	16,239	-
	3,604,609	2,978,534
Tangible capital assets		
Property and equipment (note 4)	98	168
	\$ 3,604,707	\$ 2,978,702

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities	\$ 3,731	\$ 14,859
Net assets		
Restricted funds	3,143,469	2,571,440
Operating fund	457,507	392,403
	3,600,976	2,963,843
	\$ 3,604,707	\$ 2,978,702

Approved by the Directors

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION**Statement of Change in Net Assets****Year ended December 31, 2016**

	Operating fund	Restricted funds	Total 2016	Total 2015
Net assets, beginning of year	\$ 392,403	\$ 2,571,440	\$ 2,963,843	\$ 2,435,762
Excess of revenues over expenses for the year	65,104	572,029	637,133	528,081
Net assets, end of year	\$ 457,507	\$ 3,143,469	\$ 3,600,976	\$ 2,963,843

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION
Statement of Operations
Year ended December 31, 2016

	Operating fund	Restricted funds	Total 2016	Total 2015
Revenue				
Donation receipts	\$ 33,121	\$ 307,153	\$ 340,274	\$ 794,723
Fundraising activities	12,130	-	12,130	94,769
Dividend revenue	35,430	-	35,430	52,245
Interest revenue	36,876	-	36,876	31,205
Foreign income	31,410	-	31,410	-
(Loss) gain on sales of marketable securities	-	(66,139)	(66,139)	28,616
Gain (loss) in fair value of marketable securities	-	423,307	423,307	(295,304)
	148,967	664,321	813,288	706,254
Expenses				
Administration				
Accounting and legal	6,144	6,143	12,287	13,073
Amortization	35	35	70	118
Bank charges and interest	2,587	2,587	5,174	1,048
Office and sundry	4,785	4,786	9,571	8,317
Telephone and utilities	227	226	453	521
	13,778	13,777	27,555	23,077
Non-administration				
Investment management fees	14,977	-	14,977	-
Life insurance premium costs	15,198	-	15,198	15,198
	30,175	-	30,175	15,198
Fundraising				
Fundraising activities	39,910	-	39,910	16,479
Gifts to qualified donees	-	78,515	78,515	123,419
	39,910	78,515	118,425	139,898
	83,863	92,292	176,155	178,173
Excess of revenue over expenses for the year	\$ 65,104	\$ 572,029	\$ 637,133	\$ 528,081

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION**Statement of Cash Flows**

Year ended December 31, 2016

	2016	2015
Cash provided from (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 637,133	\$ 528,081
Items not involving cash:		
Loss (gain) on sale of investments	204,858	(28,616)
(Gain) loss in fair value of marketable securities	(423,307)	295,304
Amortization	70	118
	418,754	794,887
Changes in non-cash operating working capital		
Change in accounts receivable	7,304	(1,801)
Change in prepaid expenses	(16,239)	-
Change in accounts payable	(11,128)	8,710
	(20,063)	6,909
Cash flows used in investing		
Proceeds from sale of investments	4,459,823	667,755
Purchase of investments	(4,936,416)	(1,306,414)
	(476,593)	(638,659)
(Decrease) increase in cash and cash equivalents during the year	(77,902)	163,137
Cash and cash equivalents, beginning of year	284,285	121,148
Cash and cash equivalents, end of year	\$ 206,383	\$ 284,285
Cash and cash equivalents, consists of		
Cash	\$ 206,383	\$ 284,285

(see accompanying notes)

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CANADIAN RUGBY FOUNDATION

Notes to the Financial Statements

December 31, 2016

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, foreign investment income, and dividends earned on the Unrestricted and Restricted Funds and is recognized as revenue of the Unrestricted Fund. Realized and unrealized market gains and losses are 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 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. 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, 2016

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 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 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, 2016

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 follows.

	2016	2015
Money market investments	\$ 96,054	\$ 75,363
Fixed income investments	1,192,075	1,039,667
Equity investments	2,092,111	1,570,168
Fair market value of investments	\$ 3,380,240	\$ 2,685,198

4. Property and equipment

	Cost	Accumulated Amortization	Net Book Value	
			2016	2015
Computer hardware	\$ 1,148	\$ 1,050	\$ 98	\$ 168

5. Financial risks management

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.

(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 2015.

(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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CANADIAN RUGBY FOUNDATION

Notes to the Financial Statements

December 31, 2016

5. Financial risks management (continued)

(c) 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/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.

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