

**THE ALBERTA RUGBY FOOTBALL UNION  
EDMONTON, ALBERTA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 2022**

Draft

## INDEPENDENT AUDITORS' REPORT

To the Board of the The Alberta Rugby Football Union

### *Opinion*

We have audited the financial statements of The Alberta Rugby Football Union (the "Association"), which comprise the statement of financial position as at October 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at October 31, 2022, and the results of its operations and the changes in its net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

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 the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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 the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibility 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 it 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.

*(continues)*



Independent Auditors' Report to the Board of the The Alberta Rugby Football Union (*continued*)

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 the Association's internal control.
- Evaluate the appropriateness of accounting policies 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 the Association'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 the Association 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.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
December 3, 2022

THE ALBERTA RUGBY FOOTBALL UNION

STATEMENT OF FINANCIAL POSITION

AS AT OCTOBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 712,035	\$ 942,027
Accounts receivable	<u>8,500</u>	<u>-</u>
	<b><u>\$ 720,535</u></b>	<b><u>\$ 942,027</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 18,536	\$ 10,848
Source deductions payable	3,941	1,764
Deferred contributions - operating (Note 5)	<u>30,155</u>	<u>328,192</u>
	<b>52,632</b>	340,804
Net Assets		
Unrestricted	626,173	559,613
Insurance reserve fund	<u>41,730</u>	<u>41,610</u>
	<b><u>667,903</u></b>	<b><u>601,223</u></b>
	<b><u>\$ 720,535</u></b>	<b><u>\$ 942,027</u></b>

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**THE ALBERTA RUGBY FOOTBALL UNION**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED OCTOBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>Revenue</b>		
Participant contributions and fees	\$ 212,782	\$ 5,941
Grants (Note 6)	142,871	109,871
Membership registrations and dues	42,185	15,550
Casino	40,627	13,826
Excess medical coverage	36,414	29,766
Rugby Canada donor program	27,000	-
Government subsidies	7,770	146,684
Sponsorships and donations	6,600	20,000
Interest	198	69
Raffle and 50/50	<u>-</u>	<u>19,832</u>
	<u>516,447</u>	<u>361,539</u>
<b>Expenses</b>		
Player program expenses (Schedule I)	234,063	25,229
Salaries and benefits	159,223	194,697
Insurance	19,518	13,510
Office	12,727	26,474
Professional fees	8,600	8,300
GST paid	8,582	2,317
Honorariums	5,000	96
Raffle and 50/50	1,554	10,341
Board	500	4,085
Grants and donations	<u>-</u>	<u>13,936</u>
	<u>449,767</u>	<u>298,985</u>
<b>Excess of Revenue over Expenses</b>	<u>\$ 66,680</u>	<u>\$ 62,554</u>

**THE ALBERTA RUGBY FOOTBALL UNION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED OCTOBER 31, 2022**

	Invested in Tangible Capital <u>Assets</u>	Insurance <u>Reserve Fund</u>	<u>Unrestricted</u>	<b>2022 <u>Total</u></b>
Balance, Beginning of Year	\$ -	\$ 41,610	\$ 559,613	<b>\$ 601,223</b>
Excess of Revenue over Expenses	<u>-</u>	<u>120</u>	<u>66,560</u>	<b><u>66,680</u></b>
Balance, End of Year	<b><u>\$ -</u></b>	<b><u>\$ 41,730</u></b>	<b><u>\$ 626,173</u></b>	<b><u>\$ 667,903</u></b>

**FOR THE YEAR ENDED OCTOBER 31, 2021**

	Invested in Tangible Capital <u>Assets</u>	Insurance <u>Reserve Fund</u>	<u>Unrestricted</u>	2021 <u>Total</u>
Balance, Beginning of Year	\$ -	\$ 41,569	\$ 497,100	\$ 538,669
Excess of Revenue over Expenses	<u>-</u>	<u>41</u>	<u>62,513</u>	<b><u>62,554</u></b>
Balance, End of Year	<b><u>\$ -</u></b>	<b><u>\$ 41,610</u></b>	<b><u>\$ 559,613</u></b>	<b><u>\$ 601,223</u></b>

**THE ALBERTA RUGBY FOOTBALL UNION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED OCTOBER 31, 2022**

	<u>2022</u>	<u>2021</u>
Operating Activities		
Cash from operations		
Excess of revenue over expenses	\$ 66,680	\$ 62,554
Change in non-cash working capital:		
Accounts receivable	(8,500)	100
Accounts payable and accrued liabilities	7,688	3,148
Source deductions payable	2,177	(831)
Deferred contributions - operating	<u>(298,037)</u>	<u>297,191</u>
	<b>(229,992)</b>	362,162
Financing Activities		
Repayment of long-term debt	<u>-</u>	<u>(40,000)</u>
Change in Cash and Cash Equivalents During the Year	<b>(229,992)</b>	322,162
Cash and Cash Equivalents, Beginning of Year	<u>942,027</u>	<u>619,865</u>
Cash and Cash Equivalents, End of Year	<b><u>\$ 712,035</u></b>	<b><u>\$ 942,027</u></b>

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# THE ALBERTA RUGBY FOOTBALL UNION

## NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2022

### 1. NATURE OF OPERATIONS

The Association was established to be the organizing body which promotes all aspects of rugby in Alberta. The Association is a not-for-profit organization incorporated under *The Societies Act* of Alberta and is exempt from income tax under section 149(1)(l) of the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Participant contributions and fees, membership registrations and dues and excess medical coverage fees are recognized as revenue in the year to which they relate.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash and guaranteed investment certificates that are readily converted into known amounts of cash and are subject to an insignificant change in value. The guaranteed investment certificates are held for the purpose of meeting short-term cash commitments rather than for investing.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution. When a tangible capital asset no longer contributes to the Association's ability to provide services or the value of future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect the decline in the asset's value. Any net write-downs are accounted for as expenses in the statement of operations.

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

Trailer	20%	Straight-line basis
Office equipment	20%	Straight-line basis
Computer equipment	30%	Straight-line basis



**THE ALBERTA RUGBY FOOTBALL UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**OCTOBER 31, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Uncertainty

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 recorded amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

Financial Instruments

*Measurement of financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value and subsequently measures all 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.

*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.

**3. CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
Operating account	\$ 613,056	\$ 805,209
Casino account	30,155	68,192
Term deposit - organizational	27,094	27,016
Term deposit - insurance reserve	<u>41,730</u>	<u>41,610</u>
	<u>\$ 712,035</u>	<u>\$ 942,027</u>

Cash and cash equivalents include restricted funds of \$30,155 (2021 - \$328,192). These funds are derived from grant funding and casino activities and are restricted in their use, subject to the terms and conditions of the grant funding agreements and the Association's casino license.

Cash and cash equivalents include two guaranteed investment certificates totaling \$68,824 earning interest at a rate of 3.5%, maturing in June 2023.

**THE ALBERTA RUGBY FOOTBALL UNION**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**OCTOBER 31, 2022**

**4. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<b><u>2022</u></b>	<b><u>2021</u></b>
Trailer	\$ 5,147	\$ 5,147	\$ -	\$ -
Office equipment	1,125	1,125	-	-
Computer equipment	<u>5,206</u>	<u>5,206</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,478</u>	<u>\$ 11,478</u>	<u>\$ -</u>	<u>\$ -</u>

**5. DEFERRED CONTRIBUTIONS - OPERATING**

Deferred contributions represent restricted operating funding received or receivable in the current year for which the corresponding expenses have not yet been incurred. Changes in the deferred contributions balance are as follows:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Balance, Beginning of Year	\$ 328,192	\$ 31,001
Casino proceeds received during the year	-	81,017
Casino funds spent during the year	(38,037)	(13,826)
Grant funding received during the year	-	250,000
Grant funding spent during the year	<u>(260,000)</u>	<u>(20,000)</u>
Balance, End of Year	<u>\$ 30,155</u>	<u>\$ 328,192</u>
Comprised of:		
Casino funding	\$ 30,155	\$ 68,192
Grant funding - Alberta Sport Connection - Canada Summer Games	-	10,000
Provincial grant funding	<u>-</u>	<u>250,000</u>
	<u>\$ 30,155</u>	<u>\$ 328,192</u>

**6. GRANT REVENUE**

	<b><u>2022</u></b>	<b><u>2021</u></b>
Alberta Government:		
Association Development Grant	\$ 114,871	\$ 114,871
Canada Games	22,000	-
Tourism Calgary	6,000	-
Alberta Government - Small Medium Enterprises Relaunch Grant	<u>-</u>	<u>(5,000)</u>
	<u>\$ 142,871</u>	<u>\$ 109,871</u>

**7. FINANCIAL INSTRUMENTS**

It is management's opinion that the Association is not exposed to significant credit, liquidity, market, currency, interest rate or other price risk through its financial instruments which include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

THE ALBERTA RUGBY FOOTBALL UNION

SCHEDULE I

PLAYER PROGRAM EXPENSES

FOR THE YEAR ENDED OCTOBER 31, 2022

	<u>2022</u>	<u>2021</u>
Accommodations	\$ 77,745	\$ 522
Meals	59,294	1,397
Travel	40,777	5,701
Consultant	17,466	6,622
Therapist	12,185	-
Field/facility rentals	10,933	3,567
Kit	6,743	2,054
Coaching and officials	3,279	-
Miscellaneous	2,676	256
Equipment	2,165	5,110
Entry fees	<u>800</u>	<u>-</u>
	<u>\$ 234,063</u>	<u>\$ 25,229</u>

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