

THE ALBERTA RUGBY FOOTBALL UNION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2024

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, 2024, 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, 2024, 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.

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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
November 18, 2024

THE ALBERTA RUGBY FOOTBALL UNION

STATEMENT OF FINANCIAL POSITION

AS AT OCTOBER 31, 2024

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and cash equivalents (Note 3) | \$ 593,111 | \$ 791,935 |
| Accounts receivable | 17,339 | 15,657 |
| Inventory | <u>22,020</u> | <u>-</u> |
| | <u>\$ 632,470</u> | <u>\$ 807,592</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 9,000 | \$ 16,300 |
| Source deductions payable | 9,406 | 5,877 |
| Deferred contributions (Note 4) | <u>102,945</u> | <u>118,078</u> |
| | 121,351 | 140,255 |
| Net Assets | | |
| Unrestricted | 498,728 | 624,146 |
| Safe sport reserve fund | <u>12,391</u> | <u>43,191</u> |
| | <u>511,119</u> | <u>667,337</u> |
| | <u>\$ 632,470</u> | <u>\$ 807,592</u> |

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

THE ALBERTA RUGBY FOOTBALL UNION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED OCTOBER 31, 2024

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|----------------------------|------------------------|
| Revenue | | |
| Participant contributions and fees | \$ 354,406 | \$ 323,403 |
| Grants (Note 5) | 114,900 | 119,886 |
| Sponsorships and donations | 53,707 | 47,952 |
| Rugby Canada funding | 49,000 | 20,000 |
| Membership registrations and dues | 48,305 | 40,049 |
| Casino | 48,133 | 28,580 |
| Excess medical coverage | 37,393 | 40,101 |
| Interest | 14,310 | 13,379 |
| Merchandise sales | 9,024 | 13,120 |
| Government subsidies | <u>8,721</u> | <u>14,061</u> |
| | <u>737,899</u> | <u>660,531</u> |
| Expenses | | |
| Player program expenses (Schedule I) | 498,646 | 408,382 |
| Salaries and benefits | 262,076 | 181,827 |
| Professional fees | 41,903 | 9,200 |
| Office | 30,730 | 21,135 |
| GST paid | 24,791 | 18,760 |
| Insurance | 22,252 | 9,719 |
| Grants and donations | 7,686 | 7,150 |
| Board | 5,033 | - |
| Honorariums | 1,000 | - |
| Casino | - | 2,539 |
| Bad debts | - | 1,677 |
| Raffle and 50/50 | <u>-</u> | <u>708</u> |
| | <u>894,117</u> | <u>661,097</u> |
| Annual Surplus (Deficit) | <u>\$ (156,218)</u> | <u>\$ (566)</u> |

THE ALBERTA RUGBY FOOTBALL UNION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED OCTOBER 31, 2024

| | <u>Safe Sport Reserve Fund</u> | <u>Unrestricted</u> | <u>2024 Total</u> |
|----------------------------|------------------------------------|--------------------------|------------------------------|
| Balance, Beginning of Year | \$ 43,191 | \$ 624,146 | \$ 667,337 |
| Annual Surplus (Deficit) | <u>(30,800)</u> | <u>(125,418)</u> | <u>(156,218)</u> |
| Balance, End of Year | <u>\$ 12,391</u> | <u>\$ 498,728</u> | <u>\$ 511,119</u> |

FOR THE YEAR ENDED OCTOBER 31, 2023

| | <u>Safe Sport Reserve Fund</u> | <u>Unrestricted</u> | <u>2023 Total</u> |
|----------------------------|------------------------------------|--------------------------|------------------------------|
| Balance, Beginning of Year | \$ 41,730 | \$ 626,173 | \$ 667,903 |
| Annual Surplus (Deficit) | <u>1,461</u> | <u>(2,027)</u> | <u>(566)</u> |
| Balance, End of Year | <u>\$ 43,191</u> | <u>\$ 624,146</u> | <u>\$ 667,337</u> |

THE ALBERTA RUGBY FOOTBALL UNION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED OCTOBER 31, 2024

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Operating Activities | | |
| Cash from operations | | |
| Annual surplus (deficit) | \$ (156,218) | \$ (566) |
| Change in non-cash working capital: | | |
| Accounts receivable | (1,682) | (7,157) |
| Inventory | (22,020) | - |
| Accounts payable and accrued liabilities | (7,300) | (2,236) |
| Source deductions payable | 3,529 | 1,936 |
| Deferred contributions | <u>(15,133)</u> | <u>87,923</u> |
| Change in Cash and Cash Equivalents During the Year | (198,824) | 79,900 |
| Cash and Cash Equivalents, Beginning of Year | <u>791,935</u> | <u>712,035</u> |
| Cash and Cash Equivalents, End of Year | \$ <u>593,111</u> | \$ <u>791,935</u> |

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THE ALBERTA RUGBY FOOTBALL UNION

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2024

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

Inventory

Inventory of items held for resale are valued at the lower of cost and net realizable value. Cost is calculated using the first in first out method.

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

OCTOBER 31, 2024

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>2024</u> | <u>2023</u> |
|-------------------|-------------------|-------------------|
| Operating account | \$ 184,618 | \$ 337,624 |
| Casino account | 34,945 | 83,078 |
| Term deposits | <u>373,548</u> | <u>371,233</u> |
| | <u>\$ 593,111</u> | <u>\$ 791,935</u> |

Cash and cash equivalents include restricted funds of \$102,945 (2023 - \$118,178). 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 term deposits totaling \$373,548 (2023 - \$371,233) earning interest at rates from 3.7% - 4.0%, maturing in 2025.

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

OCTOBER 31, 2024

4. 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:

| | <u>2023</u> | <u>Contributions received during year</u> | <u>Amounts recognized as revenue</u> | <u>2024</u> |
|---------------------------|-------------------|---|--|--------------------------|
| Casino funding | \$ 83,078 | \$ - | \$ (48,133) | \$ 34,945 |
| Canada Summer Games grant | <u>35,000</u> | <u>33,000</u> | <u>-</u> | <u>68,000</u> |
| | <u>\$ 118,078</u> | <u>\$ 33,000</u> | <u>\$ (48,133)</u> | <u>\$ 102,945</u> |

5. GRANT REVENUE

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|--------------------------|-------------------|
| Alberta Government: | | |
| Association Development Grant | \$ 114,900 | \$ 114,886 |
| Alberta Summer Games | <u>-</u> | <u>5,000</u> |
| | <u>\$ 114,900</u> | <u>\$ 119,886</u> |

6. 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, 2024

| | <u>2024</u> | <u>2023</u> |
|------------------------|-------------------|-------------------|
| Travel | \$ 125,415 | \$ 55,789 |
| Accommodations | 111,569 | 102,535 |
| Meals | 90,972 | 85,804 |
| Kit | 83,971 | 71,286 |
| Field/facility rentals | 35,967 | 36,672 |
| Therapist | 18,142 | 24,918 |
| Coaching and officials | 13,927 | 8,820 |
| Equipment | 10,679 | 269 |
| Miscellaneous | 5,518 | 16,744 |
| Entry fees | 1,500 | - |
| Consultant | <u>986</u> | <u>5,545</u> |
| | <u>\$ 498,646</u> | <u>\$ 408,382</u> |

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