
RUGBY ONTARIO
FINANCIAL STATEMENTS
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members
Rugby Ontario
WHITBY
Ontario

Opinion

We have audited the accompanying financial statements of Rugby Ontario which comprise the statement of financial position as at December 31, 2023 and the statement of operations and changes in net assets 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, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2023 and the results of its operations and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

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

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

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

Auditor's 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 auditor's 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.

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



NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

April 11, 2024

RUGBY ONTARIO

STATEMENT OF FINANCIAL POSITION

As at December 31,

2023

2022

ASSETS

Current

Cash	\$ 612,033	\$ 692,893
Accounts receivable	322,419	77,654
Prepaid expenses	15,825	2,917
	<u>\$ 950,277</u>	<u>\$ 773,464</u>

Investment in Fletcher's Fields Limited (Note 3)	1	1
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Capital Assets (Note 2)	<u>17,915</u>	<u>25,119</u>
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	<u><u>\$ 968,193</u></u>	<u><u>\$ 798,584</u></u>
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LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 142,509	\$ 50,533
HST payable	71,534	-
Deferred revenue (Note 4)	124,287	153,260
	<u>\$ 338,330</u>	<u>\$ 203,793</u>

NET ASSETS	<u>629,863</u>	<u>594,791</u>
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	<u><u>\$ 968,193</u></u>	<u><u>\$ 798,584</u></u>
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Approved by the Board:



Director



Director

See accompanying notes

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RUGBY ONTARIO

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31,	2023	2022
REVENUES (Note 5)		
Member registration	\$ 721,463	\$ 605,910
High performance	683,722	535,171
Commercial	288,639	717,827
Club rugby	253,750	100,993
Youth rugby	213,826	175,678
Operations	123,703	19,373
Match official development	90,337	59,878
Coach development	50,867	44,375
Government assistance	-	90,448
	<u>\$ 2,426,307</u>	<u>\$ 2,349,653</u>
EXPENSES		
Finance and administration	\$ 975,942	\$ 833,304
High performance	701,034	549,534
Youth rugby	242,084	186,813
Club rugby	215,143	81,650
Match official development	126,650	67,490
Commercial	77,818	468,158
Coach development	28,055	19,839
Governance	24,509	7,250
	<u>\$ 2,391,235</u>	<u>\$ 2,214,038</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 35,072	\$ 135,615
NET ASSETS - Beginning	<u>594,791</u>	<u>459,176</u>
NET ASSETS - Ending	<u>\$ 629,863</u>	<u>\$ 594,791</u>

See accompanying notes

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RUGBY ONTARIO

STATEMENT OF CASH FLOWS

For the year ended December 31,

2023

2022

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Excess of revenues over expenses	\$ 35,072	\$ 135,615
Items not affecting cash:		
Amortization	<u>13,161</u>	<u>10,512</u>
	\$ 48,233	\$ 146,127
Net change in non-cash working capital balances:		
Accounts receivable	(244,765)	(47,004)
Prepaid expenses	(12,908)	6,058
HST payable	71,534	-
Accounts payable and accrued liabilities	91,976	(14,505)
Deferred revenue	<u>(28,973)</u>	<u>87,775</u>
	\$ (74,903)	\$ 178,451

INVESTING ACTIVITIES

Repayment of CEBA loan	\$ -	\$ (40,000)
Purchase of capital assets	<u>(5,957)</u>	<u>(11,570)</u>
	\$ (5,957)	\$ (51,570)

INCREASE (DECREASE) IN CASH

\$ (80,860) \$ 126,881

CASH - Beginning

692,893 566,012

CASH - Ending

\$ 612,033 \$ 692,893

RUGBY ONTARIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NATURE OF OPERATIONS

Rugby Ontario (the "Organization") was established to promote, develop and administer the playing of rugby football throughout Ontario. It was incorporated under the laws of Ontario and is a not-for-profit organization.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used. Significant estimates include the estimated useful life of capital assets.

b) **Cash and Cash Equivalents**

Cash and cash equivalents consists of balances held in the Organization's bank accounts only.

c) **Investments in Non-Publicly Traded Shares**

Investments in non-publicly traded shares are initially recorded and subsequently measured at cost. A provision for write-down is made when the decline in value of a particular investment is considered other than temporary.

d) **Capital Assets**

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets on a straight-line basis using the following annual rates:

	<u>Rate</u>
Turf	5 years
Computer equipment	3 years
Office equipment	5 years
Leasehold improvements	5 years

RUGBY ONTARIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Impairment of Capital Assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

f) Revenue Recognition

The Organization follows the deferral method of accounting for contributions which includes various government, agency, and corporate funding and member contributions. Unspent 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. Funding received and restricted for specific projects, programs and events is recognized when the project, program or event takes place or when the corresponding expenditures are incurred. Government assistance is recognized when received or receivable and collection is reasonably assured and when any condition as to its use have been met.

g) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost. Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

RUGBY ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. CAPITAL ASSETS

Capital assets consist of the following:

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Turf	\$ 30,242	\$ 27,218	\$ 3,024	\$ 9,073
Computer equipment	78,729	68,493	10,236	9,748
Office equipment	32,624	29,937	2,687	4,330
Leasehold improvements	9,233	7,265	1,968	1,968
	<u>\$ 150,828</u>	<u>\$ 132,913</u>	<u>\$ 17,915</u>	<u>\$ 25,119</u>

3. RELATED PARTY BALANCES AND TRANSACTIONS

The following related party has engaged in transactions with the Organization:

Fletcher's Fields Limited	A corporation of which the Organization holds a 1/6th share interest.
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The Organization's investment in Fletcher's Fields Limited consists of one common share and is recorded at cost being \$1.

In 2021, Fletcher's Fields Limited sold their land. Proceeds received by Fletcher's Fields Limited have been invested in the Canadian Rugby Foundation (CRF). These CRF funds are intended for re-investment in rugby activities in the province of Ontario. As a result, in 2023 Rugby Ontario made an application to the CRF to receive some of the funds to re-invest back into areas that impact the game. Rugby Ontario received \$145,000 from the CRF and utilized it in the following areas:

Operations & Administration	\$ 100,000
Referee Development	18,300
Game Development	14,400
Junior Competitions	7,125
Coach Certification	2,800
Senior Competitions	<u>2,375</u>
	<u>\$ 145,000</u>

These funds are included in revenue across the specific categories for which they were granted. It is expected that an application for a similar amount will be made in 2024 and allocated to activities depending on need and impact.

RUGBY ONTARIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. DEFERRED REVENUE

Deferred revenue consists of government and other grants from various sources received for items and projects where the corresponding expenditure will take place in the subsequent year. Deferred revenue consists of:

	2023	2022
Quest for Gold (a)	\$ 68,936	\$ -
OHPSI Funding (d)	37,125	25,172
Youth Rugby (c)	6,963	61,292
Club Renewal (c)	3,797	220
OBDA Boys (c)	3,675	-
Coach Certification (c)	3,481	1,500
Referee Development (f)	300	300
RO Dues	10	-
ORRS (e)	-	303
OTF Grant (b)	-	64,473
	<u>\$ 124,287</u>	<u>\$ 153,260</u>

- a) Funding received for supporting high performance athletes through either direct support to individual athletes or to support high performance programming. Deferred amount will be recognized as high performance program expenses are incurred in the subsequent year.
- b) Funding received for activities related to the Build Belonging Project. Deferred amount recognized this year as project expenses were incurred.
- c) Program funding received and deferred for 2024 programming.
- d) Ontario High Performance Sport Initiative (OHPSI) funding received from Canadian Sport Institute Ontario (CSIO). Deferred amount related to expenses to be incurred subsequent to year-end.
- e) In 2015, the Organization received funds from Ontario Rugby Referees Society (ORRS) for referee development support. In the current year, all funds from ORRS have been utilized and recognized as revenue. Under the funding terms, the Organization can spend no more than \$5,000 per year.
- f) Rugby Canada funding provided to Rugby Ontario to facilitate Blue Card training for Match Officials. Funds will be used in 2024 to offset Educator costs to complete the training sessions.

RUGBY ONTARIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

5. REVENUES

The Organization received various grants, sponsorships and fundraising revenues which have been allocated to various revenue categories in the statement of operations as follows:

	2023			
	Grants	Sponsorship	Fundraising	Total
Youth rugby	\$ 193,180	\$ -	\$ -	\$ 193,180
High performance	183,940	5,000	-	188,940
Commercial	180,000	3,000	-	183,000
Club Rugby	148,974	500	-	149,474
Operations	100,138	1,092	146	101,376
Match Official Development	18,300	303	-	18,603
Coach Development	2,800	-	-	2,800
	<u>\$ 827,332</u>	<u>\$ 9,895</u>	<u>\$ 146</u>	<u>\$ 837,373</u>

	2022			
	Grants	Sponsorship	Fundraising	Total
Commercial	\$ 717,827	\$ -	\$ -	\$ 717,827
High performance	211,518	-	-	211,518
Youth rugby	168,445	-	5,000	173,445
Club Rugby	15,026	-	-	15,026
Match Official Development	-	5,000	-	5,000
	<u>\$ 1,112,816</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,122,816</u>

Rugby Ontario received \$145,000 from the CRF which is included in revenue in 2023 across the specific categories for which they were granted. See Note 3 for further details.

RUGBY ONTARIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at December 31, 2023:

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. The Organization provides credit to its members in the normal course of operations. There has been no change in the assessment of credit risk from the previous year.

b) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the previous year.

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is not exposed to significant market risk.