

Canadian Rugby Union - Fédération canadienne de Rugby  
Non-Consolidated Financial Statements  
For the year ended December 31, 2023

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## Independent Auditor's Report

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To the directors of Canadian Rugby Union - Fédération canadienne de Rugby

### Opinion

We have audited the non-consolidated financial statements of Canadian Rugby Union - Fédération canadienne de Rugby (the Union), which comprise the non-consolidated statement of financial position as at December 31, 2023, and the non-consolidated statements of changes in net assets, of operations, and of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of Canadian Rugby Union - Fédération canadienne de Rugby as at December 31, 2023, and its results of 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 Non-Consolidated Financial Statements* section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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 Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements, management is responsible for assessing the Union'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 Union or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated financial statements.

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 non-consolidated 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 Union'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 Union'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 non-consolidated 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 Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Union to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
April 4, 2024

**Canadian Rugby Union - Fédération canadienne de Rugby**  
**Non-Consolidated Statement of Financial Position**

December 31	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 2,690,535	\$ 1,930,717
Accounts receivable (Note 2)	588,888	288,163
Grants receivable	60,000	281,497
Inventories (Note 3)	585,317	544,539
Prepaid expenses	250,158	304,219
Due from controlled organizations (Note 11)	553	-
	<u>4,175,451</u>	<u>3,349,135</u>
Investments in controlled organizations (Note 11)	39,584	184,907
Tangible capital assets and leased tangible capital assets (Note 4)	<u>7,188,696</u>	<u>7,426,927</u>
	<u>\$ 11,403,731</u>	<u>\$ 10,960,969</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 785,272	\$ 963,037
Players Legacy Fund payable	567,546	574,287
Deferred fees (Note 7)	1,114,168	1,030,222
Deferred contributions (Note 7)	1,095,514	912,881
Current portion of note payable to the City of Langford (Note 6)	120,657	-
Current portion of obligations under capital lease (Note 6)	30,818	29,260
Due to controlled organizations (Note 11)	12,778	30,959
	<u>3,726,753</u>	<u>3,540,646</u>
Construction costs payable (Note 6)	-	591,923
Note payable to the City of Langford (Note 6)	1,708,535	1,166,915
Obligations under capital lease (Note 6)	1,322,191	1,353,009
Deferred contributions related to leased tangible capital assets (Note 8)	3,192,721	3,286,624
Deferred lease inducement	13,831	27,661
	<u>9,964,031</u>	<u>9,966,778</u>
Contractual obligations (Note 9)		
Contingencies (Note 10)		
<b>Net Assets</b>		
Contribution of land	290,206	290,206
Internally restricted (Note 13)	48,721	48,721
Unrestricted	<u>1,100,773</u>	<u>655,264</u>
	<u>1,439,700</u>	<u>994,191</u>
	<u>\$ 11,403,731</u>	<u>\$ 10,960,969</u>

On behalf of the board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**Canadian Rugby Union - Fédération canadienne de Rugby**  
**Non-Consolidated Statement of Changes in Net Assets**

For the year ended December 31

	Unrestricted	Contribution of Land	Internally Restricted	2023	2022
Balance, beginning of the year	\$ 655,264	\$ 290,206	\$ 48,721	\$ 994,191	\$ 854,980
Excess of revenues over expenses	445,509	-	-	445,509	139,211
Balance, end of the year	\$ 1,100,773	\$ 290,206	\$ 48,721	\$ 1,439,700	\$ 994,191

## Canadian Rugby Union - Fédération canadienne de Rugby Non-Consolidated Statement of Operations

For the year ended December 31	2023	2022
<b>Revenues</b>		
External Funding		
Sport Canada	\$ 3,352,665	\$ 3,719,485
World Rugby Limited	3,989,247	3,162,879
Other grants	692,816	345,930
	8,034,728	7,228,294
<b>Membership</b>		
National registration and insurance	2,889,604	2,345,806
<b>Rugby Canada</b>		
Amortization of contributions related to leased tangible capital assets (Note 8)	93,903	93,903
Domestic competitions	598,237	303,857
Donations	909,059	172,146
Fundraising	-	89,855
National teams	672,030	1,008,360
Other income	257,651	282,998
Sales of merchandise	521,239	323,202
Sponsorships and advertising revenue	1,736,339	1,423,721
	4,788,458	3,698,042
<b>Other</b>		
Revenue (loss) from controlled organizations (Note 11)	(145,323)	488,933
	15,567,467	13,761,075
<b>Expenses</b>		
Accounting, legal and professional fees	154,764	111,525
Amortization of tangible capital assets and leased tangible capital assets	289,655	306,344
Domestic competitions	88,441	24,433
Exchange loss	25,270	4,208
National insurance	665,972	592,603
National office and general administration	904,257	357,719
National teams	7,627,418	7,712,017
Marketing	791,488	871,527
Program development	343,093	17,568
Cost of sales	464,353	365,105
Interest and bank charges	94,056	16,552
Staff salaries, benefits and commissions	1,608,025	1,328,156
Team costs	595,236	286,950
Travel	1,469,930	1,627,157
	15,121,958	13,621,864
<b>Excess of revenues over expenses</b>	\$ 445,509	\$ 139,211

The notes are an integral part of these non-consolidated financial statements.

**Canadian Rugby Union - Fédération canadienne de Rugby**  
**Non-Consolidated Statement of Cash Flows**

For the year ended December 31	2023	2022
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 445,509	\$ 139,211
Items not affecting cash:		
Amortization of tangible capital assets and leased tangible capital assets	289,655	306,344
Amortization of deferred capital contributions related to leased tangible capital assets	(93,903)	(93,903)
Unrealized foreign exchange loss	44,540	29,949
Amortization of deferred lease inducement	(13,830)	(13,831)
Revenue (loss) from controlled organizations	145,323	(374,913)
Accretion expense related to obligations under capital lease	-	1,480
	<u>817,294</u>	<u>(5,663)</u>
Changes in non-cash working capital:		
Accounts receivable	(296,061)	598,965
Grants receivable	221,497	1,182,162
Inventories	(40,778)	(186,129)
Prepaid expenses	54,061	(69,308)
Accounts payable and accrued liabilities	(238,021)	(1,020,950)
Deferred fees	83,946	269,818
Deferred contributions	182,633	(48,409)
	<u>784,571</u>	<u>720,486</u>
<b>Cash flows from investing activities</b>		
Redemption of temporary investments	-	41,332
Acquisition of tangible capital assets	(51,424)	(76,642)
Distributions from investments in controlled organizations	-	200,000
	<u>(51,424)</u>	<u>164,690</u>
<b>Cash flows from financing activities</b>		
Increase in the note payable to the City of Langford	70,354	27,015
Repayment of obligations under capital lease	(29,260)	(149,957)
Advances from controlled organizations	-	21,654
Repayments to controlled organizations	(18,734)	-
	<u>22,360</u>	<u>(101,288)</u>
<b>Other activity</b>		
Foreign exchange gain on cash held in foreign currency	4,311	8,950
Net increase in cash	759,818	792,838
Cash, beginning of the year	1,930,717	1,137,879
Cash, end of year	<u>\$ 2,690,535</u>	<u>\$ 1,930,717</u>

The notes are an integral part of these non-consolidated financial statements.

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## Canadian Rugby Union - Fédération canadienne de Rugby Notes to Non-Consolidated Financial Statements

December 31, 2023

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### 1. Accounting Policies

Status and Purpose of Organization	Canadian Rugby Union - Fédération canadienne de Rugby (the Union) is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. The Union's purpose is the development and promotion of the sport of rugby. The Union is a Registered Canadian Amateur Athletic Association under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.
Basis of Accounting	These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
Presentation of Controlled Organizations	Canada International Sevens GP Ltd., Canada Men's International Sevens Limited Partnership and Canada Women's International Sevens Limited Partnership are for-profit entities controlled and wholly owned by the Union. The Union has chosen to account for its interest in the controlled organizations using the equity method. The investment is initially recorded at cost and is adjusted thereafter to include the Union's share of income and losses of the controlled organizations computed by the consolidation method. Information regarding these controlled organizations is presented in note 11.
Use of Estimates	The preparation of non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the valuation of accounts receivable, valuation of inventories, the estimated useful lives of tangible capital assets and leased capital assets, insurance claims payable included in accounts payable and accrued liabilities, and the valuation of the controlled organizations.



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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

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1. Accounting Policies (continued)

**Revenue Recognition** The Union follows the deferral method of accounting for contributions. Restricted contributions, which include grants, donations and fundraising, are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to tangible capital assets are deferred and amortized on the same basis as the related tangible capital assets.

National registration and insurance are recognized as revenue proportionately over the year to which they relate.

Domestic competitions, and sponsorships and advertising are recognized when the event occurs.

Revenue from sales of merchandise is recognized when the goods have been transferred and collection is reasonably assured.

National teams revenue is comprised of external funding, national registration and insurance, sponsorships, other income and donations. These amounts are recognized in accordance with the respective policies as noted above.

**Inventories** Inventories are measured at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

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1. Accounting Policies (continued)

Financial Instruments Initial and subsequent measurement

The Union initially measures its financial assets and liabilities at fair value. The Union has no financial instruments required to be carried at fair value and, as a result, subsequently measures all its financial assets and financial liabilities at amortized cost.

Related party financial instruments are recorded at cost at initial recognition.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs

Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the non-consolidated statement of operations over the life of the instrument using the straight-line method.

Tangible Capital  
Assets

Tangible capital assets are accounted for at cost and amortized over their useful lives using the following methods and annual rates or period:

Building	40 years straight-line
Computers	30% diminishing balance basis
Donated rugby equipment	20% diminishing balance basis
Leased equipment	20% diminishing balance basis
Office equipment	20% diminishing balance basis
Office furniture	20% diminishing balance basis
Software	30% diminishing balance basis
Leasehold improvements	straight-line basis over the term of the lease

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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

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1. Accounting Policies (continued)

Contributed Materials and Services	Contributed materials and services that are used in the normal course of the Union's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution. A corresponding amount of revenue is recorded on the same basis as the expense is recognized.
Deferred Lease Inducement	The lease inducement is deferred and amortized over the term of the lease.
Translation of Foreign Currency Transactions and Balances	Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Other assets, other liabilities, revenues and expenses are translated at the rate of exchange prevailing on the transaction date. Exchange gains and losses are included in the non-consolidated statement of operations.
Leases	Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments including any bargain purchase option and the property's fair value at the beginning of the lease. Amortization relating to capital leases is recorded in accordance with the policy stated above. All other leases are accounted for as operating leases wherein lease payments are expensed over the term of the lease.

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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

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2. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Trade receivable	\$ 460,097	\$ 260,722
Trade receivable - controlled organization	130,000	28,638
HST Receivable	29,216	32,561
Allowance for doubtful accounts	(30,425)	(33,758)
	<u>\$ 588,888</u>	<u>\$ 288,163</u>

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3. Inventories

	<u>2023</u>	<u>2022</u>
Retail merchandise and rugby equipment	\$ 345,054	\$ 341,416
Value in-kind kit	240,263	203,123
	<u>\$ 585,317</u>	<u>\$ 544,539</u>

The amount of inventories recognized as an expense during the year is \$892,078 (2022 - \$853,703). This expense has been recorded as cost of sales, national teams and team costs in the non-consolidated statement of operations.

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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

4. Tangible Capital Assets and Leased Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Operating Computers	\$ 153,279	\$ 61,588	\$ 125,839	\$ 28,173
Donated rugby equipment	145,460	87,413	136,069	74,076
Leased equipment	617,559	456,634	612,227	417,069
Office equipment	67,627	33,765	58,366	26,457
Office furniture	48,040	30,099	48,040	25,614
Software	27,550	14,051	27,550	8,266
Leasehold improvements	240,882	240,882	240,882	240,882
National Training Centre				
Land	496,000	-	496,000	-
Building	7,431,391	1,114,660	7,431,391	928,900
	<u>\$ 9,227,788</u>	<u>\$ 2,039,092</u>	<u>\$ 9,176,364</u>	<u>\$ 1,749,437</u>
Net carrying amount		<u>\$ 7,188,696</u>		<u>\$ 7,426,927</u>

5. Line of Credit

The Union has an operating line of credit with a maximum authorized amount of \$240,000 that is due on demand and bears interest at the bank's prime rate plus 2.75% per annum, calculated and payable monthly. This is secured by a general security agreement covering all properties of the borrower. At December 31, 2023, the Union had undrawn credit capacity of \$240,000 (2022 - \$240,000).

Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

6. Obligations Under Capital Lease

	2023	2022
City of Langford, 5.20% per annum, due December 2033, payable by monthly instalments of \$8,333 principal and interest, and a purchase option of \$1,000,000 at the end of the lease term.	\$ 1,353,009	\$ 1,382,269
	1,353,009	1,382,269
Less: principal portion due within one year	30,818	29,260
	\$ 1,322,191	\$ 1,353,009

Minimum lease payments required under the capital lease are as follows:

2024	\$ 100,000
2025	100,000
2026	100,000
2027	100,000
2028	100,000
Thereafter	1,400,000
	1,900,000
Less: interest included in payments	546,991
	\$ 1,353,009

Interest on obligations under capital lease for the year is \$70,740 (2022 - \$72,220) and has been included in the national teams expenses in the non-consolidated statement of operations.

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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

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6. Obligations Under Capital Lease (continued)

In 2017, the Union entered into an agreement (the Agreement) with the City of Langford (the City) for the construction and lease of the National Training Centre (the Facility).

Under the Agreement, the City constructed the Facility on property owned by the City. The cost of construction of the Facility including the fair value of the land totaled \$7,927,391, of which \$591,923 was incurred and became a payable in 2018. The lease agreement is for a term of 15 years commencing January 2018. During the lease term, monthly payments of \$8,333 will be made to the City. At the end of the lease term, the Union has the option to acquire the land and building for a final payment of \$1,000,000. As this is considered to be a bargain purchase option, the lease is accounted for as a capital lease.

The Union has financed the Facility as follows:

- A contribution from Economic Development Agency Canada in the amount of \$2,935,250;
- a contribution from the City in the amount of \$1,111,095;
- a note payable to the City in the amount of \$1,000,000;
- lease payments of \$100,000 a year until 2033, payable to the City,
- payments by the Union in the amount of \$789,904; and
- construction costs payable to the City in the amount of \$591,923.

The Union signed a loan agreement in November 2023 which refinances its obligations under the original agreement. Under the new terms, the note payable to the City of \$1,829,192, which includes the construction costs payable to the City of \$591,923, has an extended due date of June 1, 2033. Interest on any outstanding principal accrues at a rate of 4% compounded annually. The principal payments for the next five years amount to: 2024, \$120,657; 2025, \$154,798; 2026, \$160,990; 2027, \$167,429; and 2028, \$174,126.

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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

7. Deferred Fees and Contributions

Deferred fees and contributions represent funds received to cover operating expenses in the subsequent year. The balance is comprised of the following:

	2023		2022	
Deferred fees				
Dues and insurance from players		\$1,114,168		\$ 1,030,222
	Balance, beginning of the year	Received in the year	Recognized as revenue	2023
Deferred contributions				
Sport Canada	\$ 159,875	\$3,666,790	\$(3,352,665)	\$ 474,000
Macron S.p.A	180,126	486,339	(426,202)	240,263
World Rugby Limited	64,179	4,182,293	(3,989,247)	257,225
Other contributions	60,625	756,216	(692,815)	124,026
Restricted donations	448,076	-	(448,076)	-
	<u>\$ 912,881</u>	<u>\$9,091,638</u>	<u>\$(8,909,005)</u>	<u>\$1,095,514</u>

8. Deferred Contributions Related to Leased Tangible Capital Assets

Deferred contributions related to leased tangible capital assets represents contributions received for leased tangible capital assets and restricted donations relating to the acquisition of the National Training Centre. The balance is comprised of the following:

	2023		2022	
Balance, beginning of the year	\$ 3,286,624		\$ 3,380,527	
Less: amount amortized to operations	(93,903)		(93,903)	
Balance, end of the year	<u>\$ 3,192,721</u>		<u>\$ 3,286,624</u>	



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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

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9. Contractual Obligations

In addition to the obligations under capital lease disclosed in Note 6, the Union has an operating lease for its premises at \$11,452 per month, ending in September 2024. Future minimum lease payments as follows:

2024	\$	105,071
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In 2019, the Union subleased one of the premises for annual lease payments of \$120,080 until May 2021, increasing to \$122,784 from June 2021 to May 2023 and increasing to \$128,193 from June 2023 to September 2024.

The Union also entered into a supply agreement for technical kits and merchandise expiring December 31, 2029 which requires that the Union spend an annual minimum amount of \$325,000 for the purchase of merchandise and other supplies starting in 2022. If the Union does not meet its obligation for minimum spending, then 50% of the difference between the amount purchased and the minimum obligation is owed to the supplier.

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10. Contingencies

The Union is party to legal claims relating to accidents that occurred to participants during scheduled rugby games. The claims have been made against the Union's insurance policy and each incident is for an amount less than the single occurrence coverage available under the policy. Management cannot estimate the likelihood of the obligation under each claim but estimates that any resulting settlement will be covered under the terms of the insurance coverage in place for the Union. The Union's deductible related to these insurance claims is \$50,000 per claim up to a maximum of \$200,000 per year. Once this amount is reached, the deductible decreases to \$25,000 per claim. The estimated insurance deductible payable at December 31, 2023 of \$37,896 (2022 - \$87,896) has been recorded in accounts payable and accrued liabilities. Any difference between the actual settlement or claim payment and the amount recorded is not expected to be material and will be recorded as a gain or loss in the period it becomes known.

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Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

11. Investments in Controlled Organizations and Due to/from Controlled Organizations

Canada International Sevens GP Ltd. (CISGP), which is the general partner of the Canada Men's and the Canada Women's was incorporated under the laws of the Province of Alberta on February 20, 2015.

CISGP is controlled by the Union since the Union owns 100% of the Class "A" common shares, management of the Union is closely involved in developing the policies of CISGP and can influence their content.

Canada Men's and Canada Women's were created to manage the activities of the World Rugby Sevens Series and were incorporated under the laws of the Province of Alberta on February 26, 2015.

Canada Men's and Canada Women's are controlled by the Union since the Union owns 100% of the Limited Units and owns 100% of the General Units through CISGP.

	2023	2022
Investments in Controlled Organizations		
Canada International Sevens GP Ltd.	\$ 3	\$ 3
Canada Men's International Sevens Limited Partnership	(122,070)	(30,088)
Canada Women's International Sevens Limited Partnership	161,651	214,992
	\$ 39,584	\$ 184,907
Due from Controlled Organizations		
Canada Men's International Sevens Limited Partnership	\$ 553	\$ -
Due to Controlled Organizations		
Canada Men's International Sevens Limited Partnership	\$ -	\$ 19,440
Canada Women's International Sevens Limited Partnership	12,778	11,519
	\$ 12,778	\$ 30,959

The amounts due to the controlled organizations are unsecured, interest free with no specified terms of repayment. As such, the amounts have been classified as a non-current asset in the statement of financial position.

Canadian Rugby Union - Fédération canadienne de Rugby  
Notes to Non-Consolidated Financial Statements

December 31, 2023

11. Investments in Controlled Organizations and Due to/from Controlled Organizations  
(continued)

Summarized financial information relating to controlled organizations is as follows:

	CISGP	Canada Men's	Canada Women's
June 30, 2023			
Total assets	\$ 3	\$ 595,730	\$ 161,648
Total liabilities	-	717,794	-
Partners'/shareholder's equity	\$ 3	\$ (122,064)	\$ 161,648
June 30, 2022			
Total assets	\$ 3	\$ 2,649,033	\$ 822,249
Total liabilities	-	2,479,115	607,260
Partners'/shareholder's equity	\$ 3	\$ 169,918	\$ 214,989

The results of operations are as follows:

	CISGP	Canada Men's	Canada Women's
For the year ended June 30, 2023			
Total revenue	\$ 1	\$ 5,597,602	\$ 1,012
Total expenses	1	5,689,584	54,352
Net income (loss)	\$ -	\$ (91,982)	\$ (53,340)
For the year ended June 30, 2022			
Total revenue	\$ 1	\$ 8,224,216	\$ 720,953
Total expenses	-	8,051,828	886,312
Net income (loss)	\$ 1	\$ 172,388	\$ (165,359)

Cash flows are as follows:

	CISGP	Canada Men's	Canada Women's
For the year ended June 30, 2023			
Operating activities	\$ -	\$ (198,895)	\$ (368,332)
Investing activities	-	(78,549)	-
Financing activities	-	195,254	204,059
Net cash flows	\$ -	\$ (82,190)	\$ (164,273)

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Canadian Rugby Union - Fédération canadienne de Rugby  
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11. Investments in Controlled Organizations and Due to/from Controlled Organizations  
(continued)

	CISGP	Canada Men's	Canada Women's
For the year ended June 30, 2022			
Operating activities	\$ -	\$ 312,946	\$ (193,443)
Investing activities	-	(43,718)	-
Financing activities	-	78,549	43,718
Net cash flows	<u>\$ -</u>	<u>\$ 347,777</u>	<u>\$ (149,725)</u>

The Union's investment in CISGP, Canada Men's and Canada Women's are reflected in these non-consolidated financial statements using financial information prepared as of June 30, 2023, covering the year from July 1, 2023 to June 30, 2023.

As the fiscal years of the Union and CISGP, Canada Men's and Canada Women's are not coterminous, significant financial transactions that occurred during the intervening period would be disclosed. However, the results for the period from July 1 to December 31 2023 are not recorded in these non-consolidated financial statements as they are not significant to the Union's operations due to the timing of the events in March.

During the year, the Union incurred total costs of \$780,000 (2022 - \$798,000) for salaries and benefits on behalf of the Canada Men's, which were subsequently reimbursed. The Union also received \$nil, \$nil, \$40,000 and \$nil (2022 - \$77,000, \$37,020, \$40,000 and \$150,000) for event sponsorships, marketing, insurance and licensing fees respectively from the Canada Men's. These revenue amounts have been eliminated from the non-consolidated statement of operations under the consolidation method of accounting for the Union's share of income.

During the year, the Canada Men's and Canada Women's paid \$388,466 (2022 - \$287,534) to TTG Strategic Marketing & Communications Canada Corporation (TTG), a company related by virtue of common management, for the purchase of services and expense reimbursements.

The Canada Men's and Canada Women's paid \$37,660 (2022 - \$74,000) to members of the Board of Directors and companies owned by members of the Board of Directors for honorarium fees, sponsorship commission, retainer fees and a bonus.

These transactions are within normal course of business and measured at the exchanged amount.

Starting in 2023, the International Women's and Men's Sevens tournaments have been merged into a single event. Consequently, on December 31, 2023, the Union filed for the dissolution of the Canada Women's International Sevens Limited Partnership.

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## Canadian Rugby Union - Fédération canadienne de Rugby Notes to Non-Consolidated Financial Statements

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### 12. Financial Instruments

#### Liquidity risk

The Union is exposed to the liquidity risk mainly in respect of the accounts payable and accrued liabilities and Players Legacy Fund payable.

The Union manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, by holding assets that can be readily converted into cash, and by managing the term dates of its financial liabilities. There has been no changes in the liquidity risk comparing to prior year.

#### Credit risk

The Union is exposed to credit risk for its accounts and grants receivable. The majority of the Union's receivables are from government sources and provincial Unions. The Union works to ensure it continues to meet all eligibility criteria in order to qualify to receive the corresponding funding. The Union provides credit to its members in the normal course of its operations.

The Union is also exposed to credit risk arising from all of its bank accounts being held at one financial institution. There has been no changes in the credit risk comparing to prior year.

#### Currency risk

Approximately 26% of the Union's revenues are in foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations. As at December 31, 2023, cash, accounts receivable and accounts payable of \$336,740, \$579 and \$nil respectively (2022 - \$226,920, \$14,302 and \$32,797 respectively) are denominated in Great Britain Pounds and converted into Canadian dollars, as presented in the non-consolidated statement of financial position. As at December 31, 2023, cash, accounts receivable and accounts payable of \$3,975, \$2,766 and \$13,843 respectively (2022 - \$171,207, \$nil and \$10,773 respectively) are denominated in US dollars and converted into Canadian dollars, as presented in the non-consolidated statement of financial position. There has been no changes in the currency risk comparing to prior year.

#### Interest rate risk

The Union is exposed to interest rate risk on its note payable to the City of Langford since it is subject to a fixed interest rate. Fixed-interest instruments subject the Union to a fair value risk. There has been no changes in the interest rate risk comparing to prior year.

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### 13. Internally Restricted Net Assets

The Board of Directors of the Union and provincial Unions have established the internally restricted net assets to keep monies in reserve for potential insurance claims in excess of the insurance policy coverage which may arise in the future. The internally restricted net assets have been established based on half the surplus from the insurance program with the provincial Unions unless otherwise resolved by the provincial Unions at the Annual General Meeting. As at December 31, 2023 cash of \$58,051 has been restricted in a separate bank account.