

VOCM Cares
Financial Statements
For the Year Ended August 31, 2021

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Independent Auditor's Report

To the board of directors of VOCM Cares

Opinion

We have audited the financial statements of VOCM Cares, which comprise the statement of financial position as at August 31, 2021, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of VOCM Cares as at August 31, 2021, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, VOCM Cares derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of VOCM Cares. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, deficiency of revenues over expenses, and cash flows from operations for the year ended August 31, 2021 and net assets as at September 1, 2020 and August 31, 2021. The auditor's opinion on the financial statements for the year ended August 31, 2020 was modified because of the possible effects of a similar limitation in scope.

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 VOCM Cares 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 VOCM Cares or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing VOCM Cares 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.

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 VOCM Cares 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 VOCM Cares 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 VOCM Cares 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.

Chartered Professional Accountants

St. John's, Newfoundland and Labrador
December 20, 2021

VOCM Cares
Statement of Financial Position

August 31	2021	2020
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Assets		
Current		
Cash	\$ 382,941	\$ 170,974
Temporary investments (Note 2)	133,748	403,381
Accounts receivable	31,587	38,622
Inventory	33,865	-
	<hr/>	<hr/>
	582,141	612,977
Long-term investments (Note 2)	130,923	130,397
Tangible capital assets	2,002	2,503
	<hr/>	<hr/>
	\$ 715,066	\$ 745,877
<hr/>		
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 77,233	\$ 38,588
	<hr/>	<hr/>
Net Assets		
Internally restricted (Note 8)	275,000	250,000
Unrestricted	362,833	457,289
	<hr/>	<hr/>
	\$ 715,066	\$ 745,877
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The accompanying notes are an integral part of these financial statements.

VOCM Cares
Statement of Changes in Net Assets

For the year ended August 31	Internally Restricted (Note 8)				Unrestricted	2021 Total	2020 Total
	Special projects and capital campaigns	Children's trust mandate	Emergency trust mandate				
Balance, beginning of the year	\$ 75,000	\$ 100,000	\$ 75,000	\$ 457,289	\$ 707,289	\$ 875,886	
Deficiency of revenues over expenses	(50,000)	-	-	(19,456)	(69,456)	(168,597)	
Interfund transfers	75,000	-	-	(75,000)	-	-	
Balance, end of the year	\$ 100,000	\$ 100,000	\$ 75,000	\$ 362,833	\$ 637,833	\$ 707,289	

The accompanying notes are an integral part of these financial statements.

VOCM Cares Statement of Operations

For the year ended August 31	2021	2020
Revenue		
Radio bingo (Note 3)	\$ 721,236	\$ 716,534
VOCM Happy Tree (Note 4)	19,737	23,421
Other fundraising activities	16,482	16,987
Interest income	7,970	15,534
Donations	5,524	8,242
	<u>770,949</u>	<u>780,718</u>
Direct Expenses		
Radio bingo (Note 3)	516,176	533,067
Charitable activities (Note 6)	168,938	251,257
VOCM Happy Tree (Note 4)	19,655	24,706
40 for 40 Campaign	-	20,000
	<u>704,769</u>	<u>829,030</u>
Revenue in excess (deficiency) of direct expenses	<u>66,180</u>	<u>(48,312)</u>
Expenses		
Advertising and promotion (Note 5)	2,699	7,419
Amortization of tangible capital assets	501	651
Insurance	1,363	1,363
Interest and bank charges	1,566	1,882
Lease	9,021	12,839
Office	1,489	1,174
Professional fees	18,697	13,950
Repairs and maintenance	423	1,553
Supplies	10	1,667
Travel	110	2,967
Administrative costs (Note 5)	99,757	74,820
	<u>135,636</u>	<u>120,285</u>
Deficiency of revenues over expenses	<u>\$ (69,456)</u>	<u>\$ (168,597)</u>

The accompanying notes are an integral part of these financial statements.

VOCM Cares Statement of Cash Flows

For the year ended August 31	2021	2020
Cash flows (used in) from operating activities		
Deficiency of revenues over expenses	\$ (69,456)	\$ (168,597)
Items not affecting cash:		
Amortization of tangible capital assets	501	651
	<u>(68,955)</u>	<u>(167,946)</u>
Changes in non-cash working capital:		
Accounts receivable	7,035	12,150
Inventories	(33,865)	24,995
Accounts payable and accrued liabilities	38,645	19,279
	<u>(57,140)</u>	<u>(111,522)</u>
Cash flows (used in) from investing activities		
Purchase of investments	(138,132)	(284,476)
Proceeds on disposal of investments	407,239	224,838
	<u>269,107</u>	<u>(59,638)</u>
Net increase (decrease) in cash	211,967	(171,160)
Cash, beginning of the year	170,974	342,134
Cash, end of the year	<u>\$ 382,941</u>	<u>\$ 170,974</u>

The accompanying notes are an integral part of these financial statements.

VOCM Cares Notes to Financial Statements

August 31, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization	VOCM Cares (the "Foundation") is a not-for-profit organization incorporated without share capital under the Corporations Act of Newfoundland and Labrador. The Foundation was registered effective September 1, 1983 as a public foundation. Public foundations are income tax exempt provided they meet certain expenditure and other requirements set out by the Canadian Income Tax Act. The Foundation raises funds from bingo and other fundraising activities and distributes these funds to community organizations in Newfoundland and Labrador.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).
Revenue Recognition	<p>The Foundation follows the deferral method of accounting for contributions.</p> <p>Revenue from the sales of bingo cards is recognized on delivery of goods and services, which generally coincides with the exchange of cash.</p> <p>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.</p> <p>Interest income is recognized as earned.</p>
Use of Estimates	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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates included in the financial statements are related to accounts payable and accrued liabilities.

VOCM Cares Notes to Financial Statements

August 31, 2021

1. Significant Accounting Policies (continued)

Tangible Capital Assets Purchased tangible capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Furniture and office equipment	Declining balance	20%

When a tangible capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations.

When a tangible capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset disposed of is recognized in revenue in the statement of operations.

Temporary Investments Temporary investments consist of guaranteed investment certificates (GICs) with maturity dates of twelve months or less, and funds maintained in a savings account.

Long-term Investments Long-term investments consist of guaranteed investment certificates (GICs) with maturity dates of greater than twelve months.

Contributed Services Volunteers contribute significant amounts of time to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments Financial instruments are recorded at fair value at initial recognition. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Financial instruments are tested for impairment when indicators of impairment exist. Financial Instruments consist of accounts receivable and accounts payable and accrued liabilities.

VOCM Cares
Notes to Financial Statements

August 31, 2021

2. Investments

	2021	2020
Temporary investments:		
Scotiabank, Guaranteed Investment Certificates, 2.57%, maturing on January 3, 2022	\$ 133,748	\$ -
Scotiabank, Guaranteed Investment Certificates, 2.08%, matured during the year	-	273,822
Scotiabank, Guaranteed Investment Certificates, 1.25% matured during the year	-	129,559
	<u>133,748</u>	<u>403,381</u>
Long-term investment:		
Scotiabank, Guaranteed Investment Certificates, 0.45%, maturing on December 4, 2023	130,923	-
Scotiabank, Guaranteed Investment Certificate, 2.57% maturing on January 3, 2022	-	130,397
	<u>-</u>	<u>130,397</u>
Total investments	<u>\$ 264,671</u>	<u>\$ 533,778</u>

3. Radio Bingo

	2021	2020
Revenue from bingo	\$ 721,236	\$ 716,534
Expenses		
Prizes	145,800	166,092
Printing	61,857	60,540
Broadcasting time and advertising (Note 5)	88,158	86,543
Commissions	188,395	188,616
Salaries	23,788	21,160
Other	8,178	10,116
	<u>516,176</u>	<u>533,067</u>
	<u>\$ 205,060</u>	<u>\$ 183,467</u>

VOCM Cares Notes to Financial Statements

August 31, 2021

4. VOCM Happy Tree

Revenues include proceeds from general donations made to the VOCM Happy Tree as well as funds raised from the Happy Tree concert. Disbursements are made for Christmas activities or other VOCM Cares charitable donations.

5. Related Party Transactions

Stingray Group Inc. ("Stingray"), a broadcasting company in Newfoundland and Labrador, is affiliated with the Foundation. Stingray provides administrative, technical and advertising services to the Foundation. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties. During the current year there was additional administrative costs incurred by the Foundation in order to true up salary costs to a gross pay basis that were previously invoiced by Stingray on a net pay basis. Financial activities during the fiscal year between the Foundation and Stingray are as follows:

	2021	2020
Administrative and other expenses	\$ 99,757	\$ 74,820
Purchase of broadcasting	88,158	86,543
Advertising	1,535	3,929
	<u>\$ 189,450</u>	<u>\$ 165,292</u>

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6. Charitable Activities

	2021	2020
AIS Society NL	\$ 5,000	\$ -
Arthritis Society of NL	-	5,100
Autism Society of Newfoundland and Labrador Inc.	-	15,346
Agriculture in the Classroom	4,947	-
BGC St. John's	5,000	-
Burin Peninsula Health Care Foundation	1,000	-
CNIB NL	15,228	-
Candlelighters Association	2,500	-
Canadian Cancer Society	3,500	1,000
Central Northeast Health Foundation	1,000	-
Canadian Mental Health Association	6,000	-
City of St. John's	3,000	-
Chamberlain Park Action Committee	1,000	-
Community Sector Council	1,350	-
Community Center Alliance	1,500	-
Diabetes Canada	2,500	5,000
Dr. Charles LeGrow Health Center	1,000	-
Dr. H. Bliss Murphy Cancer Care Foundation	50,000	50,000
Easter Seals, Newfoundland and Labrador Inc.	6,000	1,500
Eating Disorder Foundation of NL	-	10,000
Grenfell Foundation	-	8,000
Grand Falls Windsor Community Center	1,500	-
Home Again Furniture Bank	17,812	-
Janeway Children's Hospital Foundation	1,000	-
Juvenile Diabetes Research Foundation NL	-	5,000
Kidney Foundation	5,000	-
Kids Eat Smart Foundation	1,000	20,000
Kids Help Phone	-	10,000
Lion Max Simms Memorial Camp Foundation	1,000	-
MS Society Atlantic	-	6,000
MUN Botanical Garden	-	25,000
MacMorran Community Centre	1,000	3,200
Newfoundland & Labrador Brain Injury Association	3,000	-
Roots of Empathy	2,500	-
Rennie's River Development Foundation	-	12,000
Ronald McDonald House	1,000	-
Scholarships	-	3,000
St. John's Status of Women Council	5,000	-
Single Parent Association of Newfoundland	-	7,164
Sponsorships	-	500
Stella's Circle	-	10,000
The Children's Trust	13,001	9,116
The Gathering Place	-	15,000
The Murphy Centre	-	7,000
Town of Lawn	2,500	-
Thrive	-	10,000
Other amounts	3,100	12,331
	<u>\$ 168,938</u>	<u>\$ 251,257</u>

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5. Leases (continued)

7. Leases

The Foundation has an operating lease related to a vehicle which includes minimum lease payments at year-end as follows:

2022	<u>1,920</u>
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8. Internally Restricted Net Assets

The balance included in internally restricted net assets represents amounts internally restricted by the Foundation's board of directors and is comprised of the following internally restricted funds:

	<u>2021</u>	<u>2020</u>
Children's trust mandate	100,000	100,000
Special projects and capital campaigns	100,000	75,000
Emergency trust mandate	<u>75,000</u>	<u>75,000</u>
	<u>\$ 275,000</u>	<u>\$ 250,000</u>

VOCM Cares Notes to Financial Statements

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9. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Foundation maintains a portion of its invested assets in liquid securities. There have not been any changes in the risk from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed and average interest rate financial instruments. Fixed-interest instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

A portion of the Foundation's investments bear interest at average rates. Fluctuations in these rates will impact the investment income received in the future.

The Foundation is exposed to changes in interest rates related to its investments in marketable securities. The Foundation's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. Treasury risk management policies specify various investment parameters including eligible types of investment, maximum maturity dates, maximum exposure by counterparties and maximum credit ratings. There have not been any changes in the risk from the prior year.

10. Uncertainty Due to COVID-19

At year end and subsequent to year end, the government of Newfoundland and Labrador has been actively responding to the COVID-19 global health pandemic. The Foundation operates radio bingo, which is able to operate safely during the pandemic. The Foundation was able to finish its bingo season during the year, and subsequent to year end the 2022 bingo season commenced operations, therefore it is able to continue operating core revenue generating activities in the normal course.

However, at this time there continues to be uncertainty surrounding the full impact of the pandemic on the Foundation's future operations. Given the dynamic nature of these circumstances, the financial impact cannot be reasonably estimated at this time.

VOCM Cares
Notes to Financial Statements

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11. Commitment of Future Donations

The organization has committed to providing funds to several organizations over the next three years. The organizations receiving these donations are; Home Again Furniture Bank, MUN Botanical Gardens, and Lionel Kelland Hospice. The funds will be allocated over the next three as follows:

2022	55,938
2023	25,000
2024	25,000
