

**VOCM Cares
Financial Statements
For the Year Ended August 31, 2022**

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Independent Auditor's Report

To the board of directors of VOCCM Cares

Opinion

We have audited the financial statements of VOCCM Cares, which comprise the statement of financial position as at August 31, 2022, 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 VOCCM Cares as at August 31, 2022, 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, VOCCM 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 VOCCM 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, 2022 and net assets as at September 1, 2021 and August 31, 2022. The auditor's opinion on the financial statements for the year ended August 31, 2021 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 VOCCM 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 VOCCM Cares or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing VOCCM 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
February 8 2023

VOCM Cares
Statement of Financial Position

August 31	2022	2021
Assets		
Current		
Cash	\$ 65,266	\$ 389,384
Temporary investments (Note 2)	301,806	133,748
Accounts receivable	35,412	31,587
Inventory	42,727	33,865
	445,211	588,584
Long-term investments (Note 2)	131,512	130,923
Tangible capital assets	1,602	2,002
	\$ 578,325	\$ 721,509
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 10,500	\$ 83,648
Net Assets		
Internally restricted (Note 8)	208,018	250,000
Unrestricted	359,807	387,861
	\$ 578,325	\$ 721,509

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	<u>Internally Restricted (Note 8)</u>			Unrestricted	2022 Total	2021 Total
	Special projects and capital campaigns	Children's trust mandate	Emergency trust mandate			
Balance, beginning of the year	\$ 75,000	\$ 100,000	\$ 75,000	\$ 387,862	\$ 637,861	\$ 709,205
Deficiency of revenues over expenses	-	-	-	(28,055)	(28,055)	(71,344)
	(25,000)	(6,982)	(10,000)	-	(41,982)	-
Balance, end of the year	\$ 50,000	\$ 93,018	\$ 65,000	\$ 359,807	\$ 567,824	\$ 637,861

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

VOCM Cares Statement of Operations

For the year ended August 31	2022	2021
Revenue		
Radio bingo (Note 3)	\$ 747,442	\$ 719,082
Other fundraising activities	26,254	16,482
VOCM Happy Tree (Note 4)	16,125	19,737
Donations	11,484	5,524
Interest income	4,535	7,970
	805,840	768,795
Direct Expenses		
Radio bingo (Note 3)	530,196	515,910
Charitable activities (Note 6)	133,294	168,938
VOCM Happy Tree (Note 4)	24,493	19,655
	687,983	704,503
Revenue in excess of direct expenses	117,857	64,292
Expenses		
Administrative costs (Note 5)	109,590	99,757
Advertising and promotion (Note 5)	6,860	2,699
Amortization of tangible capital assets	400	501
Insurance	1,431	1,363
Interest and bank charges	1,966	1,566
Lease	1,923	9,021
Office	2,812	1,489
Professional fees	18,370	18,697
Repairs and maintenance	376	423
Supplies	1,552	10
Travel	632	110
	145,912	135,636
Deficiency of revenues over expenses	\$ (28,055)	\$ (71,344)

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

VOCM Cares
Statement of Cash Flows

For the year ended August 31	2022	2021
Cash flows (used in) from operating activities		
Deficiency of revenues over expenses	\$ (28,055)	\$ (71,344)
Items not affecting cash:		
Amortization of tangible capital assets	400	501
Transfers to restricted funds	(41,982)	-
	<u>(69,637)</u>	<u>(70,843)</u>
Changes in non-cash working capital:		
Accounts receivable	(3,825)	7,035
Inventory	(8,862)	(33,865)
Accounts payable and accrued liabilities	(73,149)	40,062
	<u>(155,473)</u>	<u>(57,611)</u>
Cash flows (used in) from investing activities		
Purchase of investments	(303,544)	(138,132)
Proceeds on disposal of investments	134,899	407,241
	<u>(168,645)</u>	<u>269,109</u>
Net (decrease) increase in cash	(324,118)	211,498
Cash, beginning of the year	389,384	177,886
Cash, end of the year	\$ 65,266	\$ 389,384

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

VOCM Cares Notes to Financial Statements

August 31, 2022

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, 2022

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, 2022

2. Investments

	2022	2021
Temporary investments:		
Scotiabank, Guaranteed Investment Certificates, 2.57%, matured on January 3, 2022	\$ -	\$ 133,748
Scotiabank, Guaranteed Investment Certificates, 1.30%, maturing on March 16, 2023	301,806	-
	301,806	133,748
Long-term investment:		
Scotiabank, Guaranteed Investment Certificates, 0.45%, maturing on December 4, 2023	131,512	130,923
Total investments	\$ 433,318	\$ 264,671

3. Radio Bingo

	2022	2021
Revenue from bingo	\$ 747,442	\$ 719,082
Expenses		
Prizes	155,488	145,534
Printing	60,440	61,857
Broadcasting time and advertising (Note 5)	90,804	88,158
Commissions	194,458	188,395
Salaries	21,651	23,788
Other	7,355	8,178
	530,196	515,910
	\$ 217,246	\$ 203,172

VOCM Cares Notes to Financial Statements

August 31, 2022

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 were as follows:

	<u>2022</u>	<u>2021</u>
Administrative and other expenses	\$ 109,590	\$ 99,757
Purchase of broadcasting	90,804	88,158
Advertising	1,294	1,535
	<u>\$ 201,688</u>	<u>\$ 189,450</u>

VOCM Cares
Notes to Financial Statements

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6. Charitable Activities

	<u>2022</u>	<u>2021</u>
ALS Society NL	\$ -	\$ 5,000
Autism Society of Newfoundland and Labrador Inc.	2,500	-
Agriculture in the Classroom	-	4,947
Big Brothers Big Sisters of NL	5,000	-
Buckmaster's Circle Community	6,400	-
BGC St. John's	-	5,000
Burin Peninsula Health Care Foundation	2,000	1,000
CNIB NL	-	15,228
Candlelighters Association	-	2,500
Canadian Cancer Society	-	3,500
Central Northeast Health Foundation	2,000	1,000
Canadian Mental Health Association	-	6,000
Canadian Red Cross	2,500	-
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
Dr. Charles LeGrow Health Center	1,000	1,000
Dr. H. Bliss Murphy Cancer Care Foundation	-	50,000
Easter Seals, Newfoundland and Labrador Inc.	-	6,000
Eating Disorder Foundation of NL	5,000	-
Exploits Ground Search and Rescue	5,000	-
Grenfell Foundation	5,000	-
Grand Falls Windsor Community Center	-	1,500
Home Again Furniture Bank	5,938	17,812
Janeway Children's Hospital Foundation	-	1,000
Kidney Foundation	-	5,000
Kids Eat Smart Foundation	1,000	1,000
Kids Help Phone	5,000	-
Lion Max Simms Memorial Camp Foundation	5,000	1,000
Lionel Kelland Hospice	25,000	-
Leukemia and Lymphoma Society of Canada	20,756	-
MS Society Atlantic	10,000	-
Murphy Centre	6,000	-
MacMorran Community Centre	-	1,000
NL Sexual Assault Crisis and Prevention Centre	5,000	-
Newfoundland & Labrador Brain Injury Association	-	3,000
Planned Parenthood	3,800	-
Rabbittown Community Centre	3,000	-
Roots of Empathy	-	2,500
Rovers Search and Rescue	5,000	-
Ronald McDonald House	1,000	1,000
Scholarships	2,500	-
St. John's Status of Women Council	-	5,000
Sponsorships	6,500	-
Stella's Circle	5,000	-
The Children's Trust	6,982	13,001
The Gathering Place	4,900	-
Town of Lawn	-	2,500

VOCM Cares
Notes to Financial Statements

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Western Regional Hospital Foundation	1,000	-
YMCA	5,000	-
Other amounts	10,500	3,100
	\$ 175,276	\$ 168,938

7. Leases

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

2023	\$	8,355
2024		8,355
2025		8,355
2026		8,335
Thereafter		7,713
	\$	41,113

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:

	2022	2021
Children's trust mandate	\$ 93,018	\$ 100,000
Special projects and capital campaigns	50,000	75,000
Emergency trust mandate	65,000	75,000
	\$ 208,018	\$ 250,000

VOCM Cares Notes to Financial Statements

August 31, 2022

9. Financial Instruments

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. Commitment of Future Donations

The Foundation has committed to providing funds to several organizations over the next four years. The organizations receiving these donations are Lionel Kelland Hospice and NL Foster Families. The funds will be payable as follows:

2023	\$	25,500
2024		25,500
2025		500
2026		500

There are two additional delayed funding commitments. The organizations receiving these donations are Quidi Vidi Rennie's River Development Foundation (\$12,500) and Friends of MUN Botanical Gardens (\$25,000). Both of these commitments are contingent on receiving reports and updates from the charities, as well as further approval from the board of directors.
