

Financial Statements of

**VICTORIAN ORDER OF NURSES,
OXFORD COMMUNITY
CORPORATION**

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Victorian Order of Nurses, Oxford Community Corporation

Opinion

We have audited the financial statements of Victorian Order of Nurses, Oxford Community Corporation (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, except for the possible effects of the matter described in the “**Basis for Qualified Opinion**” section of our audit report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its results of operations, its changes in fund balances and its 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 charitable organizations, the Entity derives revenue from donations, 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 the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the financial assets reported in the statements of financial position as at March 31, 2019 and March 31, 2018
- the donations revenue and excess of revenue over expenses reported in the statements of operations for the years ended March 31, 2019 and March 31, 2018
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended March 31, 2019 and March 31, 2018
- the excess of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2019 and March 31, 2018



Our opinion on the financial statements for the year ended March 31, 2018 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Auditors’ 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 auditors’ 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 the 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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 6, 2019

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION
Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 737,779	\$ 865,999
Investments (note 2)	1,083,070	767,788
Accounts receivable	26,509	17,258
Due from VON Canada-Ontario Branch (note 4)	-	19,673
	<u>1,847,358</u>	<u>1,670,718</u>
Capital assets (note 3)	518,427	666,886
	<u>\$ 2,365,785</u>	<u>\$ 2,337,604</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,263	\$ 6,304
Due to VON Canada-Ontario Branch (note 4)	75,459	-
Deferred revenue	52,213	9,464
	<u>134,935</u>	<u>15,768</u>
Deferred capital contributions (note 5)	237,645	252,672
Net assets:		
Investment in capital assets (note 6)	197,207	330,639
Endowment	100,000	100,000
Internally restricted	267,152	267,152
Unrestricted	1,428,846	1,371,373
	<u>1,993,205</u>	<u>2,069,164</u>
	<u>\$ 2,365,785</u>	<u>\$ 2,337,604</u>

See accompanying notes to financial statements.

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION
Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Donations	\$ 691,478	\$ 833,341
Fundraising	314,663	384,943
Amortization of deferred capital contributions (note 6)	151,549	146,553
Investment income	35,661	19,758
	<u>1,193,351</u>	<u>1,384,595</u>
Expenses:		
Amortization	300,832	295,836
Wages and benefits	162,521	189,746
Fundraising	116,871	103,555
Property tax	44,151	39,483
Office expenses	29,191	17,118
Interest and bank charges	8,497	7,666
Unrealized loss on investments	4,288	4,666
	<u>666,351</u>	<u>658,070</u>
Excess of revenue over expenses from operations	527,000	726,525
Grants to VON Canada-Ontario Branch (note 4)	(602,959)	(596,428)
Excess (deficiency) of revenue over expenses and grants	\$ (75,959)	\$ 130,097

See accompanying notes to financial statements.

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION

Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

March 31, 2019	Invested in capital assets (note 6)	Endowment	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 330,639	\$ 100,000	\$ 267,152	\$ 1,371,373	\$ 2,069,164
Excess (deficiency) of revenue over expenses and grants (note 6 (b))	(149,283)	-	-	73,324	(75,959)
Net change in investment in capital assets (note 6 (b))	15,851	-	-	(15,851)	-
Balance, end of year	\$ 197,207	\$ 100,000	\$ 267,152	\$ 1,428,846	\$ 1,993,205

March 31, 2018	Invested in capital assets (note 6)	Endowment	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 479,922	\$ 100,000	\$ 267,152	\$ 1,091,993	\$ 1,939,067
Excess (deficiency) of revenue over expenses and grants (note 6 (b))	(149,283)	-	-	279,380	130,097
Balance, end of year	\$ 330,639	\$ 100,000	\$ 267,152	\$ 1,371,373	\$ 2,069,164

See accompanying notes to financial statements.

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses and grants	\$ (75,959)	\$ 130,097
Adjustments for:		
Amortization of capital assets	300,832	295,836
Amortization of deferred capital contributions	(151,549)	(146,553)
Unrealized loss on investments	4,288	4,666
Changes in non-cash working capital balances:		
Accounts receivable	(9,251)	400
Accounts payable and accrued liabilities	959	(711)
Deferred revenue	42,749	-
	<u>112,069</u>	<u>283,735</u>
Financing activities:		
VON Canada-Ontario Branch	95,132	(27,675)
Deferred capital contributions	136,522	-
	<u>231,654</u>	<u>(27,675)</u>
Investing activities:		
Change in investments, net	(319,570)	55,792
Purchase of capital assets	(152,373)	-
	<u>(471,943)</u>	<u>55,792</u>
Increase (decrease) in cash and cash equivalents	(128,220)	311,852
Cash and cash equivalents, beginning of year	865,999	554,147
Cash and cash equivalents, end of year	<u>\$ 737,779</u>	<u>\$ 865,999</u>

See accompanying notes to financial statements.

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION

Notes to Financial Statements

Year ended March 31, 2019

Victorian Order of Nurses ("VON") is a registered charitable organization incorporated without share capital under the laws of Ontario. The VON Oxford Community Corporation (the "Organization") supports work done in Oxford County by the VON Canada-Ontario Branch through community advocacy and fund development.

1. Significant accounting policies:

(a) General:

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants (CPA) of Canada Handbook - Accounting.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

(c) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

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.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital assets.

Endowment contributions are recognized as direct increases to net assets.

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided on a straight-line basis using the following useful lives:

Asset	Years
Furniture and equipment	5
Leasehold improvements	10
Computer software	3

(e) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

(i) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

2. Investments:

	2019	2018
Quoted equities, measured at fair value	\$ 288,795	\$ 261,282
Mutual funds, measured at fair value	463,370	476,506
Guaranteed investment certificates, measured at amortized cost	330,905	30,000
	<u>\$ 1,083,070</u>	<u>\$ 767,788</u>

Guaranteed investment certificates have interest rates of 2.10% to 3.25%, maturing in March 2020.

Mutual funds consist of a mix of interest bearing investment savings accounts and income, equity, portfolio, and bond funds.

The quoted equity investments have a cost of \$101,006 (2018 - \$142,213).

3. Capital assets:

	2019	2018		
	Cost	Accumulated depreciation	Net book value	Net book value
Furniture and equipment	\$ 89,813	\$ 58,379	\$ 31,434	\$ 49,396
Leasehold improvements	2,931,111	2,444,118	486,993	617,490
Computer software	1,690	1,690	-	-
	<u>\$ 3,022,614</u>	<u>\$ 2,504,187</u>	<u>\$ 518,427</u>	<u>\$ 666,886</u>

4. Related entity:

VON Canada-Ontario Branch, Oxford division is a related entity. Grants to VON Canada-Ontario Branch are approved by the Organization's Board of Directors as required to meet prioritized needs not funded from other sources. Amounts due to/from VON Canada-Ontario Branch are non-interest bearing and have no fixed terms of repayment.

The Organization entered into the following transactions with VON Canada-Ontario Branch during the year:

	2019	2018
Program grants and funding paid	\$ 602,959	\$ 596,428

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

5. Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2019	2018
Balance, beginning of year	\$ 252,672	\$ 399,225
Contributions received	136,522	-
Less amortization	(151,549)	(146,553)
	<u>\$ 237,645</u>	<u>\$ 252,672</u>

6. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2019	2018
Capital assets	\$ 518,427	\$ 666,886
Amounts financed by:		
Deferred contributions	(237,645)	(252,672)
Internally restricted net assets	(83,575)	(83,575)
	<u>\$ 197,207</u>	<u>\$ 330,639</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	2019	2018
Excess (deficiency) of revenue over expenses and grants:		
Amortization of deferred capital contributions	\$ 151,549	\$ 146,553
Amortization of capital assets	(300,832)	(295,836)
	<u>\$ (149,283)</u>	<u>\$ (149,283)</u>
Net change in investment in capital assets:		
Additions to deferred capital contributions	\$ (136,522)	-
Purchase of capital assets	152,373	-
	<u>\$ 15,851</u>	<u>\$ -</u>

VICTORIAN ORDER OF NURSES, OXFORD COMMUNITY CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

7. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budgets and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There have been no significant changes to the risk exposures from 2018.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to cash and cash equivalents, accounts receivable and investments. There have been no significant changes to the risk exposures from 2018.

(c) Market risk:

Market price risk is the risk that value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issue or all other factors affecting all instruments traded in the market. As all of the Organization's mutual funds and equity investments are carried at fair value with fair value changes recognized in the statement of financial position, all changes in market conditions will directly affect the financial position of the Organization. Market price risk is managed by the mutual fund investment manager through construction of a diversified portfolio of instruments traded on various markets and across various industries. There has been no significant change to the risk exposure from 2018.