

**Operating Room Nurses Association of Canada  
(ORNAC)**

**Financial Statements**  
For the year ended December 31, 2017

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## Independent Auditor's Report

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### **To the Members of the Operating Room Nurses Association of Canada (ORNAC)**

We have audited the accompanying financial statements of the Operating Room Nurses Association of Canada (ORNAC), which comprise the balance sheet as at December 31, 2017, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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## Independent Auditor's Report (continued)

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### Basis for Qualified Opinion

Our audit procedures related to inventory were limited to reviewing the inventory calculations and their impact on the financial statements and did not include a verification of physical quantities. Our audit opinion on the financial statements for the year ended December 31, 2016 was also qualified because of the possible effects of this limitation in scope. Therefore, we were not able to determine whether any adjustments might be necessary to the reported inventory amounts, the excess (deficiency) of revenue over expenses, and the components of cash flows from operations for the years ended December 31, 2017 and 2016, assets as at December 31, 2017 and 2016, and net assets at both the beginning and end of the December 31, 2017 and December 31, 2016 fiscal years.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Operating Room Nurses Association of Canada (ORNAC) as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Chartered Professional Accountants, Licensed Public Accountants  
<Date to be determined>  
Ottawa, Ontario

## Operating Room Nurses Association of Canada (ORNAC) Balance Sheet

December 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash (Note 1)	\$ 161,483	\$ 218,830
Investments - current portion (Note 2)	243,111	296,641
Accounts receivable	38,492	22,891
Government remittances receivable - GST/HST	4,181	45,686
Inventory	26,886	25,656
Prepaid expenses - operating	12,625	5,910
Prepaid expenses - conferences (Note 7)	2,470	50,736
	489,248	666,350
<b>Investments</b>		
Long-term portion (Note 2)	1,143,880	1,189,757
	\$ 1,633,128	\$ 1,856,107
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 44,929	\$ 87,766
Amounts due to provincial and other associations	24,935	40,508
Deferred revenue (Note 5)	36,577	256,387
	106,441	384,661
<b>Net assets</b>		
Internally restricted (Note 6)		
Memorial fund	11,308	11,057
Unrestricted operating fund	1,515,379	1,460,389
	1,526,687	1,471,446
	\$ 1,633,128	\$ 1,856,107

Approved on behalf of the Board:

Director

Director

## Operating Room Nurses Association of Canada (ORNAC) Statement of Changes in Net Assets

**For the year ended December 31, 2017**

	Internally Restricted				Unrestricted Operating Fund	Total Net Assets
	Capital Asset Fund	Memorial Fund	Bursary Fund	Total		
Balance, beginning of year	\$ -	\$ 11,057	\$ -	\$ 11,057	\$ 1,460,389	\$ 1,471,446
Excess (deficiency) of revenue over expenses for the year	-	251	-	251	54,990	55,241
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 11,308</b>	<b>\$ -</b>	<b>\$ 11,308</b>	<b>\$ 1,515,379</b>	<b>\$ 1,526,687</b>

**For the year ended December 31, 2016**

	Internally Restricted				Unrestricted Operating Fund	Total Net Assets
	Capital Asset Fund	Memorial Fund	Bursary Fund	Total		
Balance, beginning of year	\$ -	\$ 10,800	\$ -	\$ 10,800	\$ 1,718,261	\$ 1,729,061
Excess (deficiency) of revenue over expenses for the year	-	257	-	257	(257,872)	(257,615)
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 11,057</b>	<b>\$ -</b>	<b>\$ 11,057</b>	<b>\$ 1,460,389</b>	<b>\$ 1,471,446</b>

## Operating Room Nurses Association of Canada (ORNAC) Statement of Operations

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Membership fees	\$ 61,720	\$ 72,985
Publications and products	203,762	77,173
Interest	32,790	36,133
Grants, sponsorships (non-conference) and contributions	11,400	-
Conference	613,234	-
Other services and sundry revenue	13,788	20,498
	<b>936,694</b>	<b>206,789</b>
<b>Expenses (Note 9)</b>		
Executive Director services - fees	60,000	60,000
Executive Director services - expenses	2,335	5,695
Administrative	37,201	64,189
Board of Directors and committee meetings	73,815	122,512
Marketing and promotion	1,745	9,109
Publications and products	229,810	178,884
Accounting, audit and legal	40,481	24,015
Amortization of capital assets	-	-
Awards and related items	11,060	-
Conference	425,006	-
	<b>881,453</b>	<b>464,404</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 55,241</b>	<b>\$ (257,615)</b>

## Operating Room Nurses Association of Canada (ORNAC) Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from (used in) operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 55,241	\$ (257,615)
Adjustments for		
Amortization of capital assets	-	-
	<b>55,241</b>	<b>(257,615)</b>
Changes in non-cash working capital balances		
Accounts receivable	<b>(15,601)</b>	(17,142)
Government remittances receivable - GST/HST	<b>41,505</b>	(3,787)
Inventory	<b>(1,230)</b>	240
Prepaid expenses - operating	<b>(6,715)</b>	(3,285)
Prepaid expenses - conferences	<b>48,266</b>	(49,736)
Accounts payable and accrued liabilities	<b>(42,837)</b>	44,390
Amounts due to provincial and other associations	<b>(15,573)</b>	(22,747)
Deferred revenue	<b>(219,810)</b>	207,195
Change in accrued interest on investments	<b>381</b>	(1,990)
	<b>(156,373)</b>	<b>(104,477)</b>
<b>Cash flows from (used in) investing activities</b>		
Maturities of investments - at cost	<b>328,118</b>	222,286
Acquisitions of investments - at cost	<b>(229,092)</b>	(286,118)
	<b>99,026</b>	<b>(63,832)</b>
<b>Decrease in cash during the year</b>	<b>(57,347)</b>	<b>(168,309)</b>
<b>Cash, beginning of year</b>	<b>218,830</b>	<b>387,139</b>
<b>Cash, end of year</b>	<b>\$ 161,483</b>	<b>\$ 218,830</b>

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## Operating Room Nurses Association of Canada (ORNAC) Summary of Significant Accounting Policies

December 31, 2017

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<b>Nature of Organization</b>	<p>The Operating Room Nurses Association of Canada (ORNAC) (the "association" or "ORNAC") is a not-for-profit Canadian federal organization. The association is also a not-for-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes on its not-for-profit activities.</p> <p>The association was continued under the Canada Not-for-profit Corporations Act (the "Act") effective June 18, 2013 as Operating Room Nurses Association of Canada (ORNAC) Association des infirmières et infirmiers de salles d'opération du Canada (AIISOC).</p> <p>In accordance with the association's Articles of Continuance ("Articles") under the Act, the purpose of ORNAC is generally stated to promote, advocate and educate the high standards of perioperative nursing practice in Canada. ORNAC's stated purpose is also to create a national link to all its members and to promote collaboration with provincial entities and other healthcare professional associations as well as to speak on behalf of all Canadian perioperative registered nurses, representing ORNAC to other organizations on national and international levels. ORNAC's Articles establish one class of members. The Articles also require that any property remaining on the liquidation of ORNAC, after the discharge of its liabilities, shall be distributed to one or more qualified donees within the meaning of the Income Tax Act (Canada).</p>
<b>Basis of Presentation</b>	<p>These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
<b>Use of Estimates</b>	<p>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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the fiscal period in which they become known.</p> <p>Significant estimates include assumptions used in estimating: the fair value of financial instruments; the amounts and collectibility of accounts receivable; provisions for accrued liabilities; and the amount and timing of revenue earned and deferred.</p>
<b>Financial Instruments</b>	<p>The association's financial instruments are financial assets or financial liabilities where, in general, the association has the right to receive cash or another financial asset from another party or the association has the obligation to pay another party cash or other financial assets.</p>



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## Operating Room Nurses Association of Canada (ORNAC) Summary of Significant Accounting Policies

December 31, 2017

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### **Financial Instruments** (continued)

#### Measurement of financial instruments

The association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity and other instruments, if any, that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets and financial liabilities measured at amortized cost include cash, certain investments, accounts receivable, accounts payable and accrued liabilities, and amounts due to provincial and other associations. Certain investments are measured at fair value. There are no financial liabilities measured at fair value.

#### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

#### Transaction costs

The association recognizes its transaction costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### **Inventory**

Inventory consists of publications and merchandise for sale. Inventory is valued at the lower of cost and net realizable value.

### **Capital Assets**

Tangible capital assets were recorded at cost. Tangible capital assets consisted of computer equipment and other equipment which were amortized using the straight-line method over three and five years respectively.

Intangible assets consisting of computer software and website costs are charged to operations as incurred.

When a tangible capital asset no longer has any long-term potential to the association, the write-down being the excess of its net carrying amount over any residual value is recognized in operations. A write-down is not reversed in subsequent fiscal periods.

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## Operating Room Nurses Association of Canada (ORNAC) Summary of Significant Accounting Policies

December 31, 2017

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<b>Development Costs</b>	ORNAC develops educational publications for the purposes outlined in the previously set out Nature of the Organization disclosure. Related development costs are charged to operations as incurred.
<b>Revenue Recognition</b>	<p>The association follows the deferral method of accounting for contributions. Under this method, contributions restricted for future fiscal year expenses or a future fiscal year's operations are deferred and are recognized as revenue in the fiscal year in which the related expenses are incurred or the future fiscal year to which the contribution relates. 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>Investment income is recognized as revenue as it is earned in accordance with the previously set out financial instruments significant accounting policy and is allocated on a prorata basis to unrestricted net assets and certain internally restricted net asset balances.</p> <p>Membership fees are recognized as revenue over the period to which they relate. Conference revenue is recognized in the fiscal period in which the conference is held. Other services and sundry revenue are recognized in the fiscal period in which a sales order is fulfilled or the revenue is earned.</p> <p>ORNAC collects membership fees on behalf of provincial and other associations. These are not included in ORNAC's revenue and amounts yet to be paid are included in amounts due to provincial and other associations in the Balance Sheet. Amounts due to provincial and other associations also includes amounts payable, if any and as agreed, due to a provincial association in relation to being the host association for the biennial conference. These amounts are also part of conference expenses in the Statement of Operations.</p>
<b>Allocation of Expenses</b>	The association's expenses are presented in the Statement of Operations on both an object and function basis. Certain expenses incurred are applicable to more than one function and are directly related to the output of an applicable function. These expenses are therefore considered direct expenses and not indirect expenses. Indirect expenses are not allocated to or among functions.
<b>Donated Materials and Services</b>	The association records the value of donated materials and services when the related fair value can be reasonably estimated and when the materials and services would normally be purchased by the association.
<b>Volunteer Services</b>	A substantial portion of ORNAC's work is dependent upon the contributions of volunteers. These services are not normally purchased and due to the difficulty in determining their fair value, they are not recognized in these financial statements.

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## Operating Room Nurses Association of Canada (ORNAC) Notes to Financial Statements

**December 31, 2017**

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**1. Cash**

The association's cash is substantially all held at Canadian financial institutions and is non-interest bearing.

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**2. Investments**

	2017	2016
Guaranteed investment certificates, interest at 1.900% to 2.450% (2016 - 1.900% to 2.700%) paid annually, maturing between February 2018 to March 2022 (2016 - January 2017 to November 2021), at cost plus accrued interest	\$ 1,386,991	\$ 1,470,630
Investment savings mutual fund, at fair value	-	15,768
Total investments	1,386,991	1,486,398
Less: Current portion	243,111	296,641
Long-term portion	\$ 1,143,880	\$ 1,189,757

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**3. Tangible Capital Assets**

ORNAC has no significant tangible capital assets as at December 31, 2017 and 2016.

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**4. Credit Facilities**

ORNAC has an authorized line of credit of \$25,000 through the use of a corporate credit card. The amount used was approximately \$1,365 as at December 31, 2017, which is included in accounts payable and accrued liabilities.

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## Operating Room Nurses Association of Canada (ORNAC) Notes to Financial Statements

**December 31, 2017**

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**5. Deferred Revenue**

Deferred revenue represents amounts received that relate to a subsequent fiscal period as follows:

	2017	2016
Membership fees	\$ 22,925	\$ 30,745
Conference and awards	4,000	213,990
NEAC Syllabus fund (see below)	9,652	11,652
	\$ 36,577	\$ 256,387

The NEAC Syllabus fund represents funds transferred to ORNAC during its fiscal year ended June 30, 2013 as a sponsorship towards future conferences.

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**6. Internally Restricted Net Assets**

*Memorial Fund*

The Memorial Fund represents allocated funds that were contributed by a former ORNAC president, Val Sherriff, that have been designated as available for use towards office premises. Recent activities consist of interest revenue allocated to the fund.

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## Operating Room Nurses Association of Canada (ORNAC) Notes to Financial Statements

**December 31, 2017**

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**7. Commitments** <THIS NOTE HAS YET TO BE UPDATED>

Future Conferences

As part of its ongoing operations the association is committed under the terms of agreements for facilities, related equipment and services, for future conferences which require payments and guarantees for payments beyond December 31, 2017. In certain cases, within agreed notice periods, should the event be cancelled or be relocated to another venue, the guarantees of payments may not all be required. Generally payments made are non-refundable. The schedule of the maximum fixed payment amounts, excluding GST/HST which is recoverable by ORNAC, on a fiscal year basis is as follows:

2018	\$	5,000
2019		<u>29,000</u>
	\$	<u>34,000</u>

As part of the above agreements ORNAC has made payments. The amounts paid, excluding GST/HST which is recoverable by ORNAC, are included in the Balance Sheet in "Prepaid expenses - conferences" in the amount of \$6,200 for events to be occurring during the 2019 fiscal year. Therefore as at December 31, 2017 these commitments total \$40,200.

In addition, in relation to the 2017 conference, ORNAC has also committed to a variable management fee of \$15 per registered participant. In relation to the 2017 conference, should food and beverage purchases be less than \$125,000 which is included in the preceding schedule, ORNAC would forgo a facility usage charges discount of \$15,000 included in the preceding schedule.

In relation to the 2019 conference ORNAC has agreed to a revenue guarantee to a hotel facility of approximately \$15,000. These additional amounts are not included in the preceding schedule.

Other Agreements

The association is also party to an agreement to receive events and management services until part way through the fiscal 2018 in the amount of \$35,000, excluding recoverable HST.

In connection with its operations, the association regularly enters into other agreements for the purchase of various supplies and services as well as the sale of products. Certain of these agreements extend beyond the end of the 2017 fiscal year. In the opinion of management, these agreements are in the normal course of the association's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

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## Operating Room Nurses Association of Canada (ORNAC) Notes to Financial Statements

**December 31, 2017**

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### 8. Financial Instruments Risks and Concentrations

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposures and concentrations as at December 31, 2017.

The association is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The association is exposed to credit risk on its accounts receivable in the event of non-payment. Although not considered a significant credit risk, credit risk also exists in relation to the association's cash and investment balances set out in Notes 1 and 2 to these financial statements.

#### Liquidity risk

Liquidity risk relates to the risk that the association will encounter difficulty in meeting its obligations associated with its financial liabilities and commitments. The association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, amounts due to provincial and other associations, and its deferred revenue and expense commitments set out in Notes 5 and 7 to these financial statements.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The association's revenue and expenses as well as its financial instruments are substantially all in Canadian currency. Consequently, the association is not significantly exposed to foreign exchange fluctuations.

#### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The cash accounts set out in Note 1 to these financial statements are non-interest bearing and certain of the investments set out in Note 2 bear a fixed rate of interest, and as such are subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates. The association does not hold any floating rate financial instruments so it would not be subject to a cash flow risk other than on its credit facilities set out in Note 4 to these financial statements.

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## Operating Room Nurses Association of Canada (ORNAC) Notes to Financial Statements

**December 31, 2017**

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**8. Financial Instruments Risks and Concentrations (continued)**

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The association is exposed to other price risk on certain of its investments set out in Note 2 to these financial statements since they are traded in the market.

Changes in risk

There have been no significant changes in the association's risk exposures during the year ended December 31, 2017.

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**9. Corresponding Amounts and Disclosures**

In certain instances 2016 corresponding amounts and disclosures presented have been reclassified to conform with the financial statement presentation and disclosures adopted for the 2017 year.

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