

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended December 31, 2015

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Registered Nurses Association of the Northwest Territories and Nunavut

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

Avery Cooper & Co. Ltd. Certified General Accountants provided an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Donna Stanley-Young, RN, BScN, MN
Executive Director

February 8, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of
Registered Nurses Association of NWT and Nunavut

We have audited the accompanying financial statements of Registered Nurses Association of NWT and Nunavut, which comprise the Statement of Financial Position as at December 31, 2015, and the Statements of Changes in Net Assets, Operations, 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 judgment, 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 Association'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 Association'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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Registered Nurses Association of NWT and Nunavut as at December 31, 2015, 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.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Certified General Accountants
Yellowknife, NT

February 8, 2016

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF FINANCIAL POSITION

December 31, 2015

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT		
Cash	\$ 1,134,579	\$ 1,101,309
Short term investment (note 3)	300,000	525,000
Prepaid expenses	<u>3,869</u>	<u>13,644</u>
	1,438,448	1,639,953
INVESTMENTS (note 4)	583,200	250,598
TANGIBLE CAPITAL ASSETS (note 5)	<u>12,768</u>	<u>18,955</u>
	<u>\$ 2,034,416</u>	<u>\$ 1,909,506</u>

LIABILITIES

CURRENT		
Trade payables and accruals (note 6)	\$ 46,688	\$ 50,621
Wages and benefits payable	11,550	30,044
Government remittances payable (note 7)	55,876	55,121
Deferred revenue (note 8)	<u>945,415</u>	<u>946,718</u>
	1,059,529	1,082,504
CONTINGENT LIABILITY (note 12)		

NET ASSETS

RESERVES (note 9) per page 2	475,000	486,000
UNRESTRICTED ACCUMULATED SURPLUS per page 2	487,118	322,047
INVESTED IN TANGIBLE CAPITAL ASSETS per page 2	<u>12,769</u>	<u>18,955</u>
	<u>974,887</u>	<u>827,002</u>
	<u>\$ 2,034,416</u>	<u>\$ 1,909,506</u>

Approved:



President



Treasurer

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2015

	2015			
	Reserves	Unrestricted accumulated surplus	Invested in tangible capital assets	Total
BALANCE, opening	\$ 486,000	\$ 322,047	\$ 18,955	\$ 827,002
Excess of revenues over expenses	-	147,885	-	147,885
Transfer from operating reserve	(11,000)	11,000	-	-
Acquisition of tangible capital assets	-	(9,632)	9,632	-
Amortization of tangible capital assets	-	15,818	(15,818)	-
BALANCE, closing	\$ 475,000	\$ 487,118	\$ 12,769	\$ 974,887
	2014			
	Reserves	Unrestricted accumulated surplus	Invested in tangible capital assets	Total
BALANCE, opening				
As previously reported	\$ 100,000	\$ 573,182	\$ -	\$ 673,182
Prior period adjustment	-	22,704	36,435	59,139
As restated	100,000	595,886	36,435	732,321
Excess of revenues over expenses	-	94,681	-	94,681
Transfers (note 9)	386,000	(386,000)	-	-
Acquisition of tangible capital assets	-	(7,080)	7,080	-
Amortization of tangible capital assets	-	24,560	(24,560)	-
BALANCE, closing	\$ 486,000	\$ 322,047	\$ 18,955	\$ 827,002

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF OPERATIONS

For the year ended December 31, 2015

	<u>2015</u> <u>Budget</u>	<u>2015</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
REVENUES			
Active/Temporary membership fees	\$ 1,022,144	\$ 1,037,283	\$ 970,678
Associate membership fees	3,500	1,938	2,563
CNA fees	-	-	69,238
CNPE administration fees	806	450	269
CNPE revenue	3,631	2,250	1,210
CNPS membership fees	41,657	40,787	40,647
CRNE administration fees	1,000	5,617	1,700
CRNE exam fees	-	-	6,379
Investment income	12,900	13,955	24,557
Miscellaneous	-	787	1,137
Nurse practitioner fees	3,465	2,805	2,860
Other fees	9,345	12,887	6,869
Processing fees	18,063	19,500	24,501
Verification fees	8,338	9,313	9,674
	<u>1,124,849</u>	<u>1,147,572</u>	<u>1,162,282</u>
EXPENSES			
Advertising and promotion	5,000	1,987	3,755
Amortization	-	15,818	24,560
Board Expenses	62,340	29,866	45,468
Communications	6,825	7,038	7,077
Computer	26,100	21,751	8,564
Consulting fees	196,600	143,300	177,462
Insurance	6,020	5,789	5,527
Interest and bank charges	25,000	29,392	25,405
Memberships	47,815	48,053	111,468
Office and administration	118,010	80,756	98,028
Professional fees	28,000	33,003	28,301
Rent	29,870	28,689	25,502
Salaries and related benefits	557,205	542,638	497,618
Travel	14,278	11,607	8,866
	<u>1,123,063</u>	<u>999,687</u>	<u>1,067,601</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,786</u>	<u>\$ 147,885</u>	<u>\$ 94,681</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and students	\$ 1,089,536	\$ 1,213,230
Cash paid for materials and services	(444,195)	(554,461)
Cash paid for salaries and related benefits	<u>(460,277)</u>	<u>(489,304)</u>
	<u>185,064</u>	<u>169,465</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term investments	-	(100,000)
Decrease in short-term investments	225,000	-
Increase in long term investments	(367,162)	(5,498)
Purchase of tangible capital assets	<u>(9,632)</u>	<u>-</u>
	<u>(151,794)</u>	<u>(105,498)</u>
INCREASE IN CASH	33,270	63,967
CASH, opening	<u>1,101,309</u>	<u>1,037,342</u>
CASH, closing	<u><u>\$ 1,134,579</u></u>	<u><u>\$ 1,101,309</u></u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

1. NATURE OF OPERATIONS

Registered Nurses Association of NWT and Nunavut (the "Association") is incorporated under the Nursing Profession Act (NWT).

The Association is a not-for-profit organization to regulate the profession of nursing by setting its own standards of practice, education, investigating and disciplining its members. Its purpose is to promote and ensure competent nursing practice for the people of the Northwest Territories and Nunavut.

The Association is exempt from income tax under paragraph 149(1)(l) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Cash equivalents

The Association considers all investments with maturities of three months or less and demand bank loans that are utilized periodically for day to day operations to be cash equivalents.

(b) Foreign exchange

The monetary assets and liabilities of the Association denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the average exchange rate prevailing during the year. Exchange gains or losses are included in operations.

(c) Financial instruments

The Association initially measures its financial assets and liabilities at fair value.

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

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Computer equipment	3 years
Office equipment	5 years

Amortization of leasehold improvements is recorded over the remaining term of the lease.

(e) Revenue recognition

The Association follows the deferral method of accounting for contributions. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

Revenue from fees are recognized when earned.

(f) Contributed materials and services

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Measurement uncertainty

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 expenses during the period. Significant areas requiring the use of estimates include: estimated useful lives of tangible capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

3. SHORT TERM INVESTMENT

Short-term investments consist of guaranteed investment certificates held with the Royal Bank of Canada and are as follows:

	<u>2015</u>	<u>2014</u>
Non-redeemable GIC, annual interest at 1.30%, matures May 14, 2015	\$ -	\$ 375,000
One Year Cashable, Redeemable GIC, annual interest at 1.00%, matures May 14, 2015	-	50,000
One Year Cashable, Redeemable GIC, annual interest at 1.00%, matures February 24, 2015	-	100,000
One Year Cashable, Redeemable GIC, annual interest at 1.00%, matures January 19, 2016	<u>300,000</u>	<u>-</u>
	<u>\$ 300,000</u>	<u>\$ 525,000</u>

4. INVESTMENTS

Investments consist of the following:

Guaranteed investment certificates held with the Royal Bank of Canada:

	<u>2015</u>	<u>2014</u>
Five Year Cashable, Redeemable GIC, annual interest at 1.40%, matures May 19, 2020	\$ 330,375	\$ -
Other Investment - see below	<u>252,825</u>	<u>250,598</u>
	<u>\$ 583,200</u>	<u>\$ 250,598</u>

The other following investments consist of marketable securities held with National Bank Investments Inc. and are as follows:

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

4. INVESTMENTS, continued

	2015	2014
Investments - National Bank Securities	\$ 220,340	\$ 216,038
Unrealized gain on investments	32,485	34,560
	\$ 252,825	\$ 250,598
Investment mix:		
	2015	2014
Cash and short-term	\$ 2	\$ 2
Fixed income	204,925	201,725
Canadian equities	26,716	29,015
Global equities	21,182	19,856
	\$ 252,825	\$ 250,598

5. TANGIBLE CAPITAL ASSETS

	2015		2014	
Cost	Accumulated amortization	Net	Net	
Computer equipment	\$ 27,253	\$ 24,789	\$ 2,464	\$ 2,280
Leasehold improvements	59,520	55,980	3,540	12,455
Office equipment	45,866	39,102	6,764	4,220
	\$ 132,639	\$ 119,871	\$ 12,768	\$ 18,955

6. TRADE PAYABLES AND ACCRUALS

	2015	2014
Trade payables	\$ 21,595	\$ 27,485
Visa payable	4,315	7,376
Accrued liabilities	19,623	15,760
Fees payable	1,155	-
	\$ 46,688	\$ 50,621

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

7. GOVERNMENT REMITTANCES PAYABLE

	2015	2014
GST payable	\$ 35,842	\$ 44,647
Payroll remittances payable	20,034	10,474
	\$ 55,876	\$ 55,121

8. DEFERRED REVENUE

Deferred revenue represents non-refundable deposits made which will be used up by the following year end. Changes in deferred revenue during the year are as follows:

	Opening balance	Deposits	Revenue recognized	Closing balance
Practitioner fees	\$ 2,365	\$ 2,255	\$ 2,365	\$ 2,255
Active membership fees	845,180	841,927	847,551	839,556
Associate membership fees	1,938	2,438	1,938	2,438
Renewal late fees	4,500	4,500	4,500	4,500
Processing fees	438	-	438	-
CNPS fees	33,500	38,356	33,602	38,254
CNA fees	58,797	58,577	58,961	58,412
	\$ 946,718	\$ 948,053	\$ 949,355	\$ 945,415

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

9. RESERVES

The Association maintains the following internally restricted reserves:

	<u>Opening balance</u>	<u>Transfers</u>	<u>Closing balance</u>
Operating Surplus Reserve	\$ 286,000	\$ (11,000)	\$ 275,000
Professional Conduct Reserve	<u>200,000</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 486,000</u>	<u>\$ (11,000)</u>	<u>\$ 475,000</u>

The Association may not use any internally restricted amounts for any other purpose without the approval of the Board of Directors.

Operating Surplus Reserve

Under the Administration Finance Policy AF4, the Association is required to maintain the operating reserve at three months of budgeted operating expenses.

Professional Conduct Reserve

Under the Professional Conduct Policy PC3, the Association is required to maintain a minimum of \$200,000 for future costs relating to professional misconduct.

10. COMMITMENTS

As at December 31, 2015, the Association is committed to a lease for premises expiring on March 31, 2018, and a lease for copier/fax machine expiring on September 16, 2016. Future minimum lease payments required under these operating leases for premises and copier/fax machine are as follows:

2016	\$ 34,634
2017	29,250
2018	<u>7,313</u>
	<u>\$ 71,197</u>

11. BUDGET AMOUNTS

The 2015 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

12. CONTINGENT LIABILITY

There is one appeal pending against the Association in the Supreme Court of Canada and the Supreme Court of Nunavut involving a former member. It is the opinion of management that final determination of this proceeding will not materially affect the financial position or results of operations of the Association.

13. FINANCIAL INSTRUMENTS

The Association is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Association's exposure to these risks.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Association is a going concern and thus expects to fully repay the outstanding amounts.

(b) 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. As at December 31, 2015, National Bank investments of \$21,182 (2014 - \$19,856) are shown in US dollars and converted into Canadian dollars.

(c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Association does have a market risk in the investments with National Bank Investments of \$252,825 (2014 - \$250,598).