

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended December 31, 2016

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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. Chartered Professional 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.



Denise Bowen, RN, MN
Executive Director

April 13, 2017

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, 2016, 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 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, 2016, 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.
Chartered Professional Accountants
Yellowknife, NT

April 13, 2017

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT		
Cash	\$ 1,334,149	\$ 1,134,579
Short term investment (note 3)	-	300,000
Prepaid expenses	<u>17,321</u>	<u>3,869</u>
	1,351,470	1,438,448
INVESTMENTS (note 4)	795,495	583,200
TANGIBLE CAPITAL ASSETS (note 5)	<u>10,691</u>	<u>12,768</u>
	<u><u>\$ 2,157,656</u></u>	<u><u>\$ 2,034,416</u></u>

LIABILITIES


CURRENT		
Trade payables and accruals (note 6)	\$ 154,392	\$ 143,353
Wages and benefits payable	18,698	11,550
Government remittances payable (note 7)	55,285	55,876
Deferred revenue (note 8)	<u>862,631</u>	<u>848,750</u>
	<u>1,091,006</u>	<u>1,059,529</u>

CONTINGENT LIABILITY (note 13)

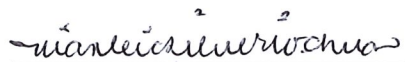
NET ASSETS

RESERVES per page 3	486,000	475,000
UNRESTRICTED ACCUMULATED SURPLUS per page 3	569,959	487,118
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	<u>10,691</u>	<u>12,769</u>
	<u>1,066,650</u>	<u>974,887</u>
	<u><u>\$ 2,157,656</u></u>	<u><u>\$ 2,034,416</u></u>

Approved:



President



Treasurer

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF OPERATIONS

For the year ended December 31, 2016

	<u>2016</u> <u>Budget</u>	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
REVENUES			
Active/Temporary membership fees	\$ 1,034,049	\$ 1,026,462	\$ 1,037,283
Associate membership fees	2,250	2,626	1,938
CNPE administration fees	450	450	450
CNPE revenue	2,250	2,250	2,250
CRNE administration fees	680	960	5,617
Investment income (note 4)	14,131	18,356	13,955
Miscellaneous	-	1,344	787
Nurse practitioner fees	3,465	2,800	2,805
Other fees	6,965	17,985	12,887
Processing fees	17,375	20,563	19,500
Verification fees	8,138	8,518	9,313
	<u>1,089,753</u>	<u>1,102,314</u>	<u>1,106,785</u>
EXPENSES			
Advertising and promotion	2,000	2,393	1,987
Amortization	5,638	5,924	15,818
Bad debts	-	10,000	-
Board	76,205	52,488	29,866
Bookkeeping and audit fees	33,700	34,200	33,003
Communications	7,820	7,314	7,038
Computer	23,000	25,891	21,751
Consulting fees	179,000	172,889	143,300
Insurance	6,224	6,268	5,789
Interest and bank charges	30,928	35,977	29,392
Memberships	-	-	7,266
Office and administration	95,525	63,322	80,756
Rent	30,094	30,094	28,689
Salaries and related benefits	582,403	549,634	542,638
Travel	15,975	14,157	11,607
	<u>1,088,512</u>	<u>1,010,551</u>	<u>958,900</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,241</u>	<u>\$ 91,763</u>	<u>\$ 147,885</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2016

	2016			
	Reserves	Unrestricted accumulated surplus	Invested in tangible capital assets	Total
BALANCE, opening	\$ 475,000	\$ 487,118	\$ 12,769	\$ 974,887
Excess of revenues over expenses	-	91,763	-	91,763
Change in reserves (note 10)	11,000	(11,000)	-	-
Acquisition of tangible capital assets	-	(3,846)	3,846	-
Amortization of tangible capital assets	-	5,924	(5,924)	-
BALANCE, closing	\$ 486,000	\$ 569,959	\$ 10,691	\$ 1,066,650
	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
Change in reserves	(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

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and students	\$ 1,097,839	\$ 1,087,158
Cash paid for materials and services	(451,995)	(399,038)
Cash paid for salaries and related benefits	(548,489)	(551,571)
Interest received	<u>16,702</u>	<u>16,030</u>
	<u>114,057</u>	<u>152,579</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short term investment	300,000	225,000
Increase in investments	(276,716)	(334,677)
Decrease in investments	66,075	-
Purchase of tangible capital assets	<u>(3,846)</u>	<u>(9,632)</u>
	<u>85,513</u>	<u>(119,309)</u>
INCREASE IN CASH	199,570	33,270
CASH, opening	<u>1,134,579</u>	<u>1,101,309</u>
CASH, closing	<u>\$ 1,334,149</u>	<u>\$ 1,134,579</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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) 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.

(c) 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.

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Website development costs

The Association expenses website development costs when incurred.

(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.

(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

The short term investment of \$nil (2015 - \$300,000) consists of a guaranteed investment certificate held with the Royal Bank of Canada, One Year Cashable, Redeemable GIC, annual interest at 1.00%, matured January 19, 2016.

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

4. INVESTMENTS

Investments consist of the following:

Guaranteed investment certificates held with the Royal Bank of Canada:

	<u>2016</u>	<u>2015</u>
Two Year Cashable, Redeemable GIC, annual interest at 1.00%, matures January 19, 2018	\$ 200,000	\$ -
Five Year Cashable, Redeemable GIC, annual interest at 1.40%, matures May 19, 2020	335,000	330,375
Other Investments - see below	<u>260,495</u>	<u>252,825</u>
	<u>\$ 795,495</u>	<u>\$ 583,200</u>

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

	<u>2016</u>	<u>2015</u>
Investments - National Bank Securities	\$ 226,356	\$ 220,340
Unrealized gain on investments	<u>34,139</u>	<u>32,485</u>
	<u>\$ 260,495</u>	<u>\$ 252,825</u>

Investment income during the year of \$18,356 (2015 - \$13,955) includes interest income of \$16,702 (2015 - \$16,030), and change in the market value of equity securities of \$1,654 gain (2015 - \$2,075 loss).

Investment mix:

	<u>2016</u>	<u>2015</u>
Cash and short-term	\$ 2	\$ 2
Fixed income	206,968	204,925
Canadian equities	31,209	26,716
Global equities	<u>22,316</u>	<u>21,182</u>
	<u>\$ 260,495</u>	<u>\$ 252,825</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

5. TANGIBLE CAPITAL ASSETS

	2016		2015	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 31,100	\$ 26,717	\$ 4,383	\$ 2,464
Leasehold improvements	59,520	58,340	1,180	3,540
Office equipment	45,866	40,738	5,128	6,764
	\$ 136,486	\$ 125,795	\$ 10,691	\$ 12,768

6. TRADE PAYABLES AND ACCRUALS

	2016	2015
Trade payables	\$ 36,424	\$ 20,440
Visa payable	7,279	4,315
Accrued liabilities	10,053	19,623
Fees payable	1,042	1,155
CNA and CNPS fees payable	99,594	97,820
	\$ 154,392	\$ 143,353

The Association collects membership fees from members on behalf of, and remits to, the Canadian Nursing Association (CNA), and the Canadian Nurses Protective Society (CNPS).

7. GOVERNMENT REMITTANCES PAYABLE

	2016	2015
GST payable	\$ 41,256	\$ 35,842
Payroll remittances payable	14,029	20,034
	\$ 55,285	\$ 55,876

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:

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

8. DEFERRED REVENUE, continued

	<u>Opening balance</u>	<u>Deposits</u>	<u>Revenue recognized</u>	<u>Closing balance</u>
Practitioner fees	\$ 2,255	\$ 2,750	\$ 2,255	\$ 2,750
Active membership fees	839,557	852,244	839,557	852,244
Associate membership fees	2,438	2,437	2,438	2,437
Renewal late fees	<u>4,500</u>	<u>5,200</u>	<u>4,500</u>	<u>5,200</u>
	<u>\$ 848,750</u>	<u>\$ 862,631</u>	<u>\$ 848,750</u>	<u>\$ 862,631</u>

9. CREDIT FACILITIES

The Association holds credit cards with RBC Royal Bank for a combined credit limit of \$20,000.

10. RESERVES

The Association maintains the following internally restricted reserves:

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

11. COMMITMENTS

As at December 31, 2016, 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:

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

11. COMMITMENTS, continued

2017	\$ 32,063
2018	<u>8,156</u>
	<u>\$ 40,219</u>

12. BUDGET AMOUNTS

The 2016 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.

13. 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.

14. 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) 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 \$260,495 (2015 - \$252,825).

15. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.