

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended December 31, 2017

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**REGISTERED NURSES ASSOCIATION
OF THE NORTHWEST TERRITORIES AND NUNAVUT**

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 annually provides 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

March 8, 2018



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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, 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 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, 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.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants
Yellowknife, NT

March 8, 2018



REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF FINANCIAL POSITION

December 31, 2017

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT		
Cash	\$ 1,730,514	\$ 1,334,149
Short term investment (note 3)	200,000	-
Accounts receivable	242	-
Prepaid expenses	<u>13,981</u>	<u>17,321</u>
	1,944,737	1,351,470
INVESTMENTS (note 4)	539,833	795,495
TANGIBLE CAPITAL ASSETS (note 5)	<u>12,508</u>	<u>10,691</u>
	<u>\$ 2,497,078</u>	<u>\$ 2,157,656</u>

LIABILITIES

CURRENT		
Trade payables and accruals (note 6)	\$ 157,235	\$ 154,392
Wages and benefits payable	18,669	18,698
Government remittances payable (note 7)	59,317	55,285
Deferred revenue (note 8)	<u>892,327</u>	<u>862,631</u>
	<u>1,127,548</u>	<u>1,091,006</u>

CONTINGENT LIABILITY (note 13)

NET ASSETS

RESERVES (note 10) per page 3	486,000	486,000
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	12,508	10,691
UNRESTRICTED ACCUMULATED SURPLUS per page 3	<u>871,022</u>	<u>569,959</u>
	<u>1,369,530</u>	<u>1,066,650</u>
	<u>\$ 2,497,078</u>	<u>\$ 2,157,656</u>

Approved:

_____ President

_____ Treasurer

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF OPERATIONS For the year ended December 31, 2017

	(note 12) 2017 <u>Budget</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUES			
Active/Temporary membership fees	\$ 1,041,406	\$ 1,088,987	\$ 1,026,462
Investment income	14,976	26,051	18,356
Processing fees	17,188	24,500	20,563
Verification fees	8,463	8,125	8,518
Miscellaneous	-	6,232	1,344
Nurse practitioner fees	2,970	3,575	2,800
Other fees	10,800	2,571	17,985
Associate membership fees	2,313	1,375	2,626
CRNE administration fees	560	1,080	960
CNPE revenue	-	-	2,250
CNPE administration fees	-	-	450
	<u>1,098,676</u>	<u>1,162,496</u>	<u>1,102,314</u>
EXPENSES			
Advertising and promotion	2,000	2,302	2,393
Amortization	13,390	6,048	5,924
Bad debts	-	-	10,000
Board	60,160	609	52,488
Bookkeeping and audit fees	34,875	35,700	34,200
Communications	8,264	7,406	7,314
Computer	21,750	26,901	25,891
Consulting fees	185,000	128,091	172,889
Insurance	6,740	6,345	6,268
Interest and bank charges	27,836	51,877	35,977
Office and administration	134,555	61,298	63,322
Professional dues	-	2,582	-
Rent	32,063	32,063	30,094
Salaries and related benefits	591,476	476,322	549,634
Travel	22,510	22,072	14,157
	<u>1,140,619</u>	<u>859,616</u>	<u>1,010,551</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (41,943)</u>	<u>\$ 302,880</u>	<u>\$ 91,763</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2017

	2017			
	Reserves	Unrestricted accumulated surplus	Invested in tangible capital assets	Total
BALANCE, opening	\$ 486,000	\$ 569,959	\$ 10,691	\$ 1,066,650
Excess of revenues over expenses	-	302,880	-	302,880
Acquisition of tangible capital assets	-	(7,865)	7,865	-
Amortization of tangible capital assets	-	6,048	(6,048)	-
BALANCE, closing	<u>\$ 486,000</u>	<u>\$ 871,022</u>	<u>\$ 12,508</u>	<u>\$ 1,369,530</u>
				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	11,000	(11,000)	-	-
Acquisition of tangible capital assets	-	(3,846)	3,846	-
Amortization of tangible capital assets	-	5,924	(5,924)	-
BALANCE, closing	<u>\$ 486,000</u>	<u>\$ 569,959</u>	<u>\$ 10,691</u>	<u>\$ 1,066,650</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members and students	\$ 1,165,900	\$ 1,097,839
Cash paid for materials and services	(355,813)	(451,995)
Cash paid for salaries and related benefits	(487,574)	(548,489)
Interest received	<u>24,534</u>	<u>16,702</u>
	<u>347,047</u>	<u>114,057</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in short term investment	(200,000)	300,000
Decrease (increase) in investments	257,182	(210,641)
Purchase of tangible capital assets	<u>(7,864)</u>	<u>(3,846)</u>
	<u>49,318</u>	<u>85,513</u>
INCREASE IN CASH	396,365	199,570
CASH, opening	<u>1,334,149</u>	<u>1,134,579</u>
CASH, closing	<u><u>\$ 1,730,514</u></u>	<u><u>\$ 1,334,149</u></u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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, 2017

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.

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

3. SHORT TERM INVESTMENT

Short-term investment consists of a guaranteed investment certificate held with the Royal Bank of Canada as follows:

	<u>2017</u>	<u>2016</u>
Two Year Cashable, Redeemable GIC, annual interest at 1.00%, matures January 19, 2018	<u>\$ 200,000</u>	<u>\$ -</u>

4. INVESTMENTS

Investments consist of the following:

Guaranteed investment certificates held with the Royal Bank of Canada:

	<u>2017</u>	<u>2016</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	268,926	335,000
Other Investments - see below	<u>270,907</u>	<u>260,495</u>
	<u>\$ 539,833</u>	<u>\$ 795,495</u>

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

	<u>2017</u>	<u>2016</u>
Investments - National Bank Securities	\$ 235,252	\$ 226,356
Unrealized gain on investments	<u>35,655</u>	<u>34,139</u>
	<u>\$ 270,907</u>	<u>\$ 260,495</u>

Investment income during the year of \$26,051 (2016 - \$18,356) includes interest income of \$24,534 (2016 - \$16,702), and change in the market value of equity securities of \$1,517 gain (2016 - \$1,654 gain).

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

4. INVESTMENTS, continued

Investment mix:

	<u>2017</u>	<u>2016</u>
Cash and short-term	\$ 2	\$ 2
Fixed income	210,203	206,968
Canadian equities	29,377	31,209
Global equities	<u>31,325</u>	<u>22,316</u>
	<u>\$ 270,907</u>	<u>\$ 260,495</u>

5. TANGIBLE CAPITAL ASSETS

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 38,964	\$ 30,095	\$ 8,869	\$ 4,383
Leasehold improvements	59,520	59,520	-	1,180
Office equipment	<u>45,866</u>	<u>42,227</u>	<u>3,639</u>	<u>5,128</u>
	<u>\$ 144,350</u>	<u>\$ 131,842</u>	<u>\$ 12,508</u>	<u>\$ 10,691</u>

6. TRADE PAYABLES AND ACCRUALS

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 25,382	\$ 36,424
Visa payable	4,306	7,279
Accrued liabilities	23,575	10,053
Fees payable	2,906	1,042
CNA and CNPS fees payable	<u>101,066</u>	<u>99,594</u>
	<u>\$ 157,235</u>	<u>\$ 154,392</u>

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

	<u>2017</u>	<u>2016</u>
GST payable	\$ 38,591	\$ 41,256
Payroll remittances payable	<u>20,726</u>	<u>14,029</u>
	<u>\$ 59,317</u>	<u>\$ 55,285</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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:

	<u>Opening balance</u>	<u>Deposits</u>	<u>Revenue recognized</u>	<u>Closing balance</u>
Practitioner fees	\$ 2,750	\$ 3,355	\$ 2,750	\$ 3,355
Active membership fees	852,244	879,047	852,244	879,047
Associate membership fees	2,437	63	2,437	63
Renewal late fees	5,200	8,800	5,200	8,800
Processing fees	-	1,062	-	1,062
	<u>\$ 862,631</u>	<u>\$ 892,327</u>	<u>\$ 862,631</u>	<u>\$ 892,327</u>

9. CREDIT FACILITIES

The Association holds credit cards with RBC Royal Bank for a combined credit limit of \$25,000.

10. RESERVES

The Association maintains the following internally restricted reserves:

	<u>Opening balance</u>	<u>Transfers</u>	<u>Closing balance</u>
Operating Surplus Reserve	\$ 286,000	\$ -	\$ 286,000
Professional Conduct Reserve	200,000	-	200,000
	<u>\$ 486,000</u>	<u>\$ -</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, 2017, the Association is committed to a lease for premises expiring on March 31, 2018. Future minimum lease payments required under these operating leases for premises is as follows:

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

11. COMMITMENTS, continued

2018	<u>\$ 8,156</u>
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12. BUDGET AMOUNTS

The 2017 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.

13. CONTINGENT LIABILITY

There is one case before the Board of Inquiry in the current year. 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 \$270,907 (2016 - \$260,495).