

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended December 31, 2018

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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

April 17, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of
Registered Nurses Association of NWT and Nunavut

Opinion

We have audited the financial statements of Registered Nurses Association of NWT and Nunavut (the "Association"), which comprise the Statement of Financial Position as at December 31, 2018, and the Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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 opinion.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's 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 auditor's 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 these 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Association 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.

We 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.

Avery Cooper & Co. Ltd.

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

April 17, 2019



REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

| | <u>2018</u> | <u>2017</u> |
|---|----------------------------|----------------------------|
| CURRENT | | |
| Cash | \$ 1,976,211 | \$ 1,730,514 |
| Short term investment (note 3) | - | 200,000 |
| Accounts receivable | 249 | 242 |
| Prepaid expenses | <u>5,891</u> | <u>13,981</u> |
| | 1,982,351 | 1,944,737 |
| INVESTMENTS (note 4) | 470,905 | 539,833 |
| TANGIBLE CAPITAL ASSETS (note 5) | <u>6,756</u> | <u>12,508</u> |
| | <u><u>\$ 2,460,012</u></u> | <u><u>\$ 2,497,078</u></u> |

LIABILITIES

| | | |
|---|----------------|------------------|
| CURRENT | | |
| Trade payables and accruals (note 6) | \$ 143,045 | \$ 146,159 |
| Wages and benefits payable | 30,014 | 29,745 |
| Government remittances payable (note 7) | 40,480 | 59,317 |
| Deferred revenue (note 8) | <u>649,826</u> | <u>892,327</u> |
| | <u>863,365</u> | <u>1,127,548</u> |

NET ASSETS

| | | |
|---|----------------------------|----------------------------|
| RESERVES (note 10) per page 3 | 451,000 | 486,000 |
| UNRESTRICTED ACCUMULATED SURPLUS per page 3 | 1,138,891 | 871,022 |
| INVESTED IN TANGIBLE CAPITAL ASSETS per page 3 | <u>6,756</u> | <u>12,508</u> |
| | <u>1,596,647</u> | <u>1,369,530</u> |
| | <u><u>\$ 2,460,012</u></u> | <u><u>\$ 2,497,078</u></u> |

Approved:

_____ President

_____ Treasurer

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF OPERATIONS

For the year ended December 31, 2018

| | (note 12) 2018 <u>Budget</u> | 2018 <u>Actual</u> | 2017 <u>Actual</u> |
|--|------------------------------------|-----------------------|-----------------------|
| REVENUES | | | |
| Active/Temporary membership fees | \$ 1,049,944 | \$ 1,124,125 | \$ 1,088,987 |
| Processing fees | 18,938 | 25,563 | 24,500 |
| Investment income (note 4) | - | 20,094 | 26,051 |
| Other fees | - | 12,047 | 2,571 |
| Verification fees | - | 8,788 | 8,125 |
| Nurse practitioner fees | 3,245 | 4,235 | 3,575 |
| CRNE administration fees | 560 | 802 | 1,080 |
| Associate membership fees | 2,375 | 375 | 1,375 |
| Miscellaneous | - | - | 6,232 |
| | <u>1,075,062</u> | <u>1,196,029</u> | <u>1,162,496</u> |
| EXPENSES | | | |
| Advertising and promotion | 3,000 | 850 | 2,302 |
| Amortization | 9,854 | 5,751 | 6,048 |
| Board | 60,000 | 15,420 | 609 |
| Bookkeeping and audit fees | 35,000 | 34,730 | 35,700 |
| Communications | 8,300 | 8,895 | 7,406 |
| Computer | 21,750 | 12,341 | 26,901 |
| Consulting fees | 185,000 | 65,005 | 128,091 |
| Insurance | 7,600 | 6,959 | 6,345 |
| Interest and bank charges | - | 67,681 | 51,877 |
| Office and administration | 126,400 | 83,227 | 61,298 |
| Professional dues | - | 5,044 | 2,582 |
| Rent | 32,063 | 42,613 | 32,063 |
| Salaries and related benefits | 579,082 | 580,091 | 476,322 |
| Travel | 22,500 | 40,305 | 22,072 |
| | <u>1,090,549</u> | <u>968,912</u> | <u>859,616</u> |
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES | <u>\$ (15,487)</u> | <u>\$ 227,117</u> | <u>\$ 302,880</u> |

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2018

| | 2018 | | | |
|---|-------------------|--|---|---------------------|
| | Reserves | Unrestricted accumulated surplus | Invested in tangible capital assets | Total |
| BALANCE, opening | \$ 486,000 | \$ 871,022 | \$ 12,508 | \$ 1,369,530 |
| Excess of revenues over expenses | - | 227,117 | - | 227,117 |
| Transfers (note 10) | (35,000) | 35,000 | - | - |
| Amortization of tangible capital assets | - | 5,752 | (5,752) | - |
| BALANCE, closing | \$ 451,000 | \$ 1,138,891 | \$ 6,756 | \$ 1,596,647 |
| | 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 |
| Purchase of tangible capital assets | - | (7,865) | 7,865 | - |
| Amortization of tangible capital assets | - | 6,048 | (6,048) | - |
| BALANCE, closing | \$ 486,000 | \$ 871,022 | \$ 12,508 | \$ 1,369,530 |

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CASH FLOWS For the year ended December 31, 2018

| | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from members and students | \$ 933,426 | \$ 1,165,900 |
| Cash paid for materials and services | (388,109) | (384,806) |
| Cash paid for salaries and related benefits | (588,642) | (458,579) |
| Interest received | 27,385 | 24,534 |
| | <u>(15,940)</u> | <u>347,049</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Decrease (increase) in short term investment | 200,000 | (200,000) |
| Decrease in investments | 66,075 | 266,075 |
| Increase in investments | (4,438) | (8,895) |
| Purchase of tangible capital assets | - | (7,864) |
| | <u>261,637</u> | <u>49,316</u> |
| INCREASE IN CASH | 245,697 | 396,365 |
| CASH, opening | <u>1,730,514</u> | <u>1,334,149</u> |
| CASH, closing | <u><u>\$ 1,976,211</u></u> | <u><u>\$ 1,730,514</u></u> |

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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)(I) of the *Income Tax Act* (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting 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 |

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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 Invested 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 Association 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, 2018

3. SHORT TERM INVESTMENT

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

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

4. INVESTMENTS

Investments as at December 31, 2018 consist of the following:

Guaranteed investment certificates held with the Royal Bank of Canada:

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Five Year Cashable, Redeemable GIC, annual interest at 1.40%, matures May 19, 2020 | \$ 202,851 | \$ 268,926 |
| Other Investments - see below | <u>268,054</u> | <u>270,907</u> |
| | <u>\$ 470,905</u> | <u>\$ 539,833</u> |

The other investments as at December 31, 2018 consist of marketable securities held with National Bank Investments Inc. and are as follows:

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Investments at cost - National Bank Securities | \$ 239,690 | \$ 235,252 |
| Valuation allowance to adjust cost to market value | <u>28,364</u> | <u>35,655</u> |
| | <u>\$ 268,054</u> | <u>\$ 270,907</u> |

Investment income during the year of \$20,094 (2017 - \$26,051) includes interest income of \$27,385 (2017 - \$24,534), and an unrealized gain (loss) arising from the change in the market value of equity securities of \$(7,291) loss (2017 - \$1,517 gain).

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

4. INVESTMENTS, continued

The mix of the other investment as at December 31, 2018 is as follows:

| | <u>2018</u> | <u>2017</u> |
|---------------------|-------------------|-------------------|
| Cash and short-term | \$ 2 | \$ 2 |
| Fixed income | 211,214 | 210,203 |
| Canadian equities | 27,212 | 29,377 |
| Global equities | <u>29,626</u> | <u>31,325</u> |
| | <u>\$ 268,054</u> | <u>\$ 270,907</u> |

5. TANGIBLE CAPITAL ASSETS

| | <u>2018</u> | | <u>2017</u> | |
|--------------------|------------------|-------------------------------------|-----------------|------------------|
| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>Net</u> | <u>Net</u> |
| Computer equipment | \$ 38,964 | \$ 34,391 | \$ 4,573 | \$ 8,869 |
| Office equipment | <u>45,866</u> | <u>43,683</u> | <u>2,183</u> | <u>3,639</u> |
| | <u>\$ 84,830</u> | <u>\$ 78,074</u> | <u>\$ 6,756</u> | <u>\$ 12,508</u> |

6. TRADE PAYABLES AND ACCRUALS

| | <u>2018</u> | <u>2017</u> |
|---------------------------|-------------------|-------------------|
| Fees payable | \$ - | \$ 2,906 |
| Trade payables | 33,430 | 14,306 |
| Accrued liabilities | 13,750 | 23,575 |
| CNA and CNPS fees payable | 94,329 | 101,066 |
| Visa payable | <u>1,536</u> | <u>4,306</u> |
| | <u>\$ 143,045</u> | <u>\$ 146,159</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>2018</u> | <u>2017</u> |
|---|------------------|------------------|
| GST payable | \$ 28,575 | \$ 38,591 |
| Payroll remittances payable | 11,810 | 20,055 |
| Workers' Safety and Compensation Commission | <u>95</u> | <u>671</u> |
| | <u>\$ 40,480</u> | <u>\$ 59,317</u> |

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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 | \$ 3,355 | \$ 2,255 | \$ (3,355) | \$ 2,255 |
| Active membership fees | 879,047 | 629,471 | (879,047) | 629,471 |
| Associate membership fees | 63 | 500 | (63) | 500 |
| Renewal late fees | 8,800 | 17,600 | (8,800) | 17,600 |
| Processing fees | <u>1,062</u> | <u>-</u> | <u>(1,062)</u> | <u>-</u> |
| | <u>\$ 892,327</u> | <u>\$ 649,826</u> | <u>\$ (892,327)</u> | <u>\$ 649,826</u> |

9. CREDIT FACILITIES

The Association holds credit cards with RBC Royal Bank for a combined credit limit as at December 31, 2018 of \$25,000 (2017 - \$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 | \$ (35,000) | \$ 251,000 |
| Professional Conduct Reserve | <u>200,000</u> | <u>-</u> | <u>200,000</u> |
| | <u>\$ 486,000</u> | <u>\$ (35,000)</u> | <u>\$ 451,000</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, 2018, the Association is committed to a lease for premises expiring May 31, 2021. Future minimum rental payments required under operating lease for premises are as follows:

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

11. COMMITMENTS, continued

| | |
|------|-------------------|
| 2019 | \$ 47,416 |
| 2020 | 47,416 |
| 2021 | <u>19,757</u> |
| | <u>\$ 114,589</u> |

12. BUDGET AMOUNTS

The 2018 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.

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) 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 \$268,054 (2017 - \$270,907).

14. COMPARATIVE FIGURES

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