

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended December 31, 2019

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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.

The 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

May 8, 2020



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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, 2019, 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, 2019, 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 17 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Annual Financial Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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.

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

May 8, 2020



REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT		
Cash	\$ 2,171,202	\$ 1,976,211
Short term investment (note 3)	136,775	-
Accounts receivable (note 4)	43	249
Prepaid expenses	<u>7,177</u>	<u>5,891</u>
	2,315,197	1,982,351
INVESTMENTS (note 5)	293,413	470,905
TANGIBLE CAPITAL ASSETS (note 6)	<u>2,730</u>	<u>6,756</u>
	<u>\$ 2,611,340</u>	<u>\$ 2,460,012</u>

LIABILITIES

CURRENT		
Trade payables and accruals (note 7)	\$ 121,468	\$ 143,045
Wages and benefits payable	27,582	30,014
Government remittances payable (note 8)	48,031	40,480
Deferred revenue (note 9)	<u>675,274</u>	<u>649,826</u>
	<u>872,355</u>	<u>863,365</u>

NET ASSETS

RESERVES per page 3	490,000	451,000
UNRESTRICTED ACCUMULATED SURPLUS per page 3	1,246,255	1,138,891
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	<u>2,730</u>	<u>6,756</u>
	<u>1,738,985</u>	<u>1,596,647</u>
	<u>\$ 2,611,340</u>	<u>\$ 2,460,012</u>

Approved:



President



Treasurer

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF OPERATIONS

For the year ended December 31, 2019

	(note 14) 2019 <u>Budget</u>	2019 <u>Actual</u>	2018 <u>Actual</u>
REVENUES			
Active/Temporary membership fees	\$ 1,074,918	\$ 1,196,810	\$ 1,124,125
Government contributions (note 13)	-	60,000	-
Investment income (note 5)	17,000	49,320	20,094
Processing fees	18,000	26,438	25,563
Other fees	7,284	16,928	12,047
Verification fees	8,350	13,388	8,788
Nurse practitioner fees	3,465	3,135	4,235
CRNE administration fees	720	1,210	802
Associate membership fees	2,625	750	375
	<u>1,132,362</u>	<u>1,367,979</u>	<u>1,196,029</u>
EXPENSES			
Advertising and promotion	3,000	6,809	850
Amortization	-	4,856	5,751
Bad debts	-	13,624	-
Board	32,247	27,750	15,420
Bookkeeping and audit fees	37,200	33,710	34,730
Communications	9,000	8,064	8,895
Computer (note 6)	10,040	48,724	12,341
Consulting fees (note 11)	182,000	307,540	65,005
Insurance	7,000	7,577	6,959
Interest and bank charges	25,000	53,378	67,681
Office and administration	87,502	59,386	83,227
Professional dues	-	2,788	5,044
Rent	49,788	47,417	42,613
Salaries and related benefits	533,590	559,820	580,091
Travel	26,000	44,198	40,305
	<u>1,002,367</u>	<u>1,225,641</u>	<u>968,912</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 129,995</u>	<u>\$ 142,338</u>	<u>\$ 227,117</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2019

	2019			
	Reserves	Unrestricted accumulated surplus	Invested in tangible capital assets	Total
BALANCE, opening	\$ 451,000	\$ 1,138,891	\$ 6,756	\$ 1,596,647
Excess of revenues over expenses	-	142,338	-	142,338
Transfers (note 11)	39,000	(39,000)	-	-
Purchase of tangible capital assets	-	(830)	830	-
Amortization of tangible capital assets	-	4,856	(4,856)	-
BALANCE, closing	\$ 490,000	\$ 1,246,255	\$ 2,730	\$ 1,738,985
				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	(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

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

STATEMENT OF CASH FLOWS For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Members and students	\$ 1,270,689	\$ 933,426
Government contributions	60,000	-
Investment income	<u>31,886</u>	<u>27,385</u>
	<u>1,362,575</u>	<u>960,811</u>
Cash paid for:		
Materials and supplies	664,385	388,109
Salaries and related benefits	<u>560,519</u>	<u>588,642</u>
	<u>1,224,904</u>	<u>976,751</u>
	<u>137,671</u>	<u>(15,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investments	66,075	266,075
Purchase of investments	(7,925)	(4,438)
Purchase of tangible capital assets	<u>(830)</u>	<u>-</u>
	<u>57,320</u>	<u>261,637</u>
INCREASE IN CASH	194,991	245,697
CASH, opening	<u>1,976,211</u>	<u>1,730,514</u>
CASH, closing	<u><u>\$ 2,171,202</u></u>	<u><u>\$ 1,976,211</u></u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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 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* (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, 2019

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 tangible 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 tangible capital assets. Externally restricted contributions for the purchase of tangible capital assets that will not be amortized are recognized as direct increases to the net assets invested in tangible 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: allowances for doubtful accounts, and the 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, 2019

3. SHORT TERM INVESTMENT

	<u>2019</u>	<u>2018</u>
Royal Bank of Canada Five-Year Cashable, redeemable GIC, 1.40% interest per annum, matures May 19, 2020 (note 5)	<u>\$ 136,775</u>	<u>\$ -</u>

4. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Trade	\$ 13,657	\$ 249
Less: Allowance for doubtful accounts	<u>13,614</u>	<u>-</u>
	<u>\$ 43</u>	<u>\$ 249</u>

5. INVESTMENTS

Investments as at December 31, 2019 consist of the following:

	<u>2019</u>	<u>2018</u>
Royal Bank of Canada Five-Year Cashable, redeemable GIC, 1.40% interest per annum, matures May 19, 2020	\$ 136,775	\$ 202,851
National Bank Investments Inc. Marketable securities - see below	293,413	268,054
Less: Investments due within one year	<u>(136,775)</u>	<u>-</u>
	<u>\$ 293,413</u>	<u>\$ 470,905</u>

Marketable securities as at December 31, 2019 held with National Bank Investments Inc. are as follows:

	<u>2019</u>	<u>2018</u>
Investment portfolio at cost	\$ 247,615	\$ 239,690
Valuation allowance to adjust cost to market value	<u>45,798</u>	<u>28,364</u>
	<u>\$ 293,413</u>	<u>\$ 268,054</u>

Investment income during the year of \$49,320 (2018 - \$20,094) includes interest income for \$31,886 (2018 - \$27,385), and an unrealized gain (loss) arising from the change in the market value of investments for \$17,434 gain (2018 - \$7,291 loss).

The marketable securities consists of the following investment mix:

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

5. INVESTMENTS, continued

	<u>2019</u>	<u>2018</u>
Cash and short-term	\$ 2	\$ 2
Fixed income (cost of \$200,770)	224,089	211,214
Canadian equities (cost of \$11,494)	32,654	27,212
Global equities (cost of \$35,358)	<u>36,668</u>	<u>29,626</u>
	<u>\$ 293,413</u>	<u>\$ 268,054</u>

6. TANGIBLE CAPITAL ASSETS

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 39,794	\$ 37,792	\$ 2,002	\$ 4,573
Office equipment	<u>45,866</u>	<u>45,138</u>	<u>728</u>	<u>2,183</u>
	<u>\$ 85,660</u>	<u>\$ 82,930</u>	<u>\$ 2,730</u>	<u>\$ 6,756</u>

Included in computer expense during the year are website hosting costs incurred for \$40,455 (2018 - \$nil).

7. TRADE PAYABLES AND ACCRUALS

	<u>2019</u>	<u>2018</u>
Trade payables	\$ 8,905	\$ 33,430
Accrued liabilities	27,695	13,750
CNA and CNPS fees payable	83,339	94,329
Credit cards payable	<u>1,529</u>	<u>1,536</u>
	<u>\$ 121,468</u>	<u>\$ 143,045</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 (NCPS).

8. GOVERNMENT REMITTANCES PAYABLE

	<u>2019</u>	<u>2018</u>
GST payable	\$ 34,395	\$ 28,575
Payroll remittances payable	<u>13,636</u>	<u>11,905</u>
	<u>\$ 48,031</u>	<u>\$ 40,480</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

9. DEFERRED REVENUE

	<u>Opening balance</u>	<u>Deposits</u>	<u>Revenue recognized</u>	<u>Closing balance</u>
Practitioner fees	\$ 2,255	\$ 3,130	\$ (2,255)	\$ 3,130
Active membership fees	629,471	595,685	(563,637)	661,519
Associate membership fees	500	1,125	(500)	1,125
Renewal late fees	<u>17,600</u>	<u>9,500</u>	<u>(17,600)</u>	<u>9,500</u>
	<u>\$ 649,826</u>	<u>\$ 609,440</u>	<u>\$ (583,992)</u>	<u>\$ 675,274</u>

10. CREDIT FACILITIES

The Association holds credit cards with the Royal Bank of Canada for a combined credit limit as at December 31, 2019, of \$25,000 (2018 - \$25,000).

11. RESERVES

The Association maintains the following internally restricted reserves:

	<u>Opening balance</u>	<u>Transfers</u>	<u>Closing balance</u>
Operating Surplus Reserve	\$ 251,000	\$ 39,000	\$ 290,000
Professional Conduct Reserve	<u>200,000</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 451,000</u>	<u>\$ 39,000</u>	<u>\$ 490,000</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, the Association is required to maintain the operating reserve at three months of budgeted operating expenses.

Professional Conduct Reserve

Under the Professional Conduct Policy, the Association is required to maintain a minimum of \$200,000 (2018 - \$200,000) for future costs relating to professional conduct. Included in consulting fees expense during the year is \$18,561 (2018 - \$3,732) relating to professional conduct.

12. COMMITMENTS

As at December 31, 2019, the Association is committed to a lease for premises expiring May 31, 2021, and a three-year website hosting and support services subscription agreement expiring April 3, 2022. Future minimum payments on these agreements are as follows:

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

12. COMMITMENTS, continued

2020	\$ 101,357
2021	73,697
2022	<u>13,485</u>
	<u>\$ 188,539</u>

13. GOVERNMENT CONTRIBUTIONS

During the year, the Government of the Northwest Territories, Department of Health and Social Services, and the Government of Nunavut, equally funded \$30,000 for a special project. The project was to research, develop and consult on new nursing regulations in Nunavut and the Northwest Territories.

14. BUDGET AMOUNTS

The 2019 budget amounts on the Statement of Operations to the financial statements, are presented for information purposes only and are unaudited.

15. 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 Company'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 is exposed to market risk in the investments with National Bank as detailed in Note 5.

16. COMPARATIVE FIGURES

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

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

17. SUBSEQUENT EVENTS

After the year-end, there was a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. It is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain, and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, and includes the length of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are, or may, be put in place by Canada, U.S., and other countries to fight the virus. The Association continues to assess the impact COVID-19 will have on its activities; however, operations have not been significantly impacted.