

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT
Yellowknife, NT

FINAL FINANCIAL STATEMENTS
For the year ended December 31, 2022

TABLE OF CONTENTS

	Page
Management's Responsibility for Reporting	
Independent Auditor's Report	
Final Statement of Financial Position	1
Final Statement of Operations	2
Final Statement of Changes in Net Assets	3
Final Statement of Cash Flows	4
Notes to the Final Financial Statements	5 - 11

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying Final 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 Final 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 Final financial statements in accordance with Canadian generally accepted auditing standards.



Colleen Bytheway, RN, BN, MPA, PhD(c)
Executive Director

September 27, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of
Registered Nurses Association of NWT and Nunavut

Opinion

We have audited the Final financial statements of Registered Nurses Association of NWT and Nunavut (the "Association"), which comprise the Final Statement of Financial Position as at December 31, 2022, and the Final Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended, and notes to the Final financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Final financial statements present fairly, in all material respects, the Final financial position of the Association as at December 31, 2022, and the Final results of its operations and its Final 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 Final 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 Final 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.

Information other than the Final Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises:

- The information, other than the Final financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the Final 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 Final financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Final 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 Final Financial Statements

Management is responsible for the preparation and fair presentation of the Final 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 Final financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Final 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 Final Financial Statements

Our objectives are to obtain reasonable assurance about whether the Final 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 Final 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 Final 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 Final 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 Final financial statements, including the disclosures, and whether the Final 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

September 27, 2023

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

FINAL STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT		
Cash	\$ 3,620,075	\$ 1,528,297
Short term investment (note 3)	-	1,500,000
Accounts receivable (note 4)	21,895	5,213
Prepaid expenses	<u>22,134</u>	<u>118,775</u>
	3,664,104	3,152,285
INVESTMENTS (note 5)	289,031	329,156
TANGIBLE CAPITAL ASSETS (note 6)	<u>1,640</u>	<u>2,525</u>
	<u>\$ 3,954,775</u>	<u>\$ 3,483,966</u>

LIABILITIES

CURRENT		
Trade payables and accruals (note 7)	\$ 121,824	\$ 132,144
Wages and benefits payable	58,148	41,547
Deferred revenue (note 9)	643,961	638,900
Government remittances payable (note 8)	<u>48,932</u>	<u>42,919</u>
	<u>872,865</u>	<u>855,510</u>

NET ASSETS

RESERVES per page 3	464,000	527,000
UNRESTRICTED ACCUMULATED SURPLUS per page 3	2,616,271	2,098,932
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	<u>1,639</u>	<u>2,524</u>
	<u>3,081,910</u>	<u>2,628,456</u>
	<u>\$ 3,954,775</u>	<u>\$ 3,483,966</u>

Approved:

 President

 President Elect

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

FINAL STATEMENT OF OPERATIONS

For the year ended December 31, 2022

	(note 14) 2022 <u>Budget</u>	2022 <u>Actual</u>	2021 <u>Actual</u>
REVENUES			
Active/Temporary membership fees	\$ 1,185,490	\$ 1,465,036	\$ 1,431,140
Other fees	18,394	76,150	50,353
Processing fees	19,562	46,333	33,728
Verification fees	10,600	18,442	13,565
Nurse practitioner fees	4,400	7,390	5,555
Associate membership fees	2,062	2,565	3,250
CRNE administration fees	1,400	1,600	2,080
CNPS membership fees	-	-	48
Investment income	30,000	(21,562)	17,720
	<u>1,271,908</u>	<u>1,595,954</u>	<u>1,557,439</u>
EXPENSES			
Advertising and promotion	5,000	1,814	-
Amortization	138	885	885
Bad debts	-	25,558	-
Board	10,000	1,775	668
Bookkeeping and audit fees	45,000	46,575	43,953
Communications	12,000	7,673	8,871
Computer	100,000	88,720	71,374
Consulting fees	270,000	181,636	151,117
Insurance	11,000	9,476	9,121
Interest and bank charges	21,000	35,620	36,696
Memberships	-	1,686	8,330
Office and administration	68,900	46,448	36,361
Professional dues	1,000	2,844	735
Rent	51,132	49,701	48,382
Salaries and related benefits	697,000	617,315	571,897
Travel	15,000	24,774	-
	<u>1,307,170</u>	<u>1,142,500</u>	<u>988,390</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (35,262)</u>	<u>\$ 453,454</u>	<u>\$ 569,049</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

FINAL STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2022

	2022			
	Reserves	Unrestricted accumulated surplus	Invested in tangible capital assets	Total
BALANCE, opening	\$ 527,000	\$ 2,098,932	\$ 2,524	\$ 2,628,456
Excess (deficiency) of revenues over expenses	(63,000)	516,454	-	453,454
Amortization of tangible capital assets	-	885	(885)	-
BALANCE, closing	<u>\$ 464,000</u>	<u>\$ 2,616,271</u>	<u>\$ 1,639</u>	<u>\$ 3,081,910</u>
	2021			
	Reserves	Unrestricted accumulated surplus	Invested in tangible capital assets	Total
BALANCE, opening	\$ 490,000	\$ 1,565,998	\$ 3,409	\$ 2,059,407
Excess of revenues over expenses	-	569,049	-	569,049
Transfers	37,000	(37,000)	-	-
Amortization of tangible capital assets	-	885	(885)	-
BALANCE, closing	<u>\$ 527,000</u>	<u>\$ 2,098,932</u>	<u>\$ 2,524</u>	<u>\$ 2,628,456</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

FINAL STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from		
Members and students	\$ 1,580,337	\$ 1,620,723
Investment income	<u>18,564</u>	<u>8,176</u>
	<u>1,598,901</u>	<u>1,628,899</u>
Cash paid to		
Materials and supplies	409,122	514,694
Salaries and related benefits	<u>598,001</u>	<u>585,977</u>
	<u>1,007,123</u>	<u>1,100,671</u>
	<u>591,778</u>	<u>528,228</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(1,500,000)
Decrease in investments	<u>1,500,000</u>	<u>1,000,000</u>
	<u>1,500,000</u>	<u>(500,000)</u>
INCREASE IN CASH	2,091,778	28,228
CASH, opening	<u>1,528,297</u>	<u>1,500,069</u>
CASH, closing	<u>\$ 3,620,075</u>	<u>\$ 1,528,297</u>

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINAL FINANCIAL STATEMENTS

December 31, 2022

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

2. SIGNIFICANT ACCOUNTING POLICIES

These Final 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

Cash includes cash on hand and funds held in banks that the association can access anytime.

(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:

Office equipment	5 years
Computer equipment	3 years

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINAL FINANCIAL STATEMENTS

December 31, 2022

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 Final 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 FINAL FINANCIAL STATEMENTS

December 31, 2022

3. SHORT TERM INVESTMENT

	2022	2021
Royal Bank of Canada Non redeemable GIC, 0.40% interest per annum, matured July 07, 2022	\$ -	\$ 1,500,000
	-	1,500,000

4. ACCOUNTS RECEIVABLE

	2022	2021
Trade	\$ 47,131	\$ 5,213
Less: Allowance for doubtful accounts	25,236	-
	\$ 21,895	\$ 5,213

5. INVESTMENTS

Investments as at December 31, 2022 consist of the following:

	2022	2021
Royal Bank of Canada Non redeemable GIC, 0.40% interest per annum, matured July 7, 2022	\$ -	\$ 1,500,000
National Bank Investments Inc. Marketable securities - see below	289,031	329,156
Less: Investments due within one year	-	(1,500,000)
	\$ 289,031	\$ 329,156

Marketable securities as at December 31, 2022 held with National Bank Investments Inc. are as follows:

	2022	2021
Investment portfolio at cost	\$ 275,461	\$ 269,278
Valuation allowance to adjust cost to market value	13,570	59,878
	\$ 289,031	\$ 329,156

Investment loss during the year of \$21,562 (2021 - \$17,720) includes interest income for \$18,564 (2021 - \$8,176), and an unrealized gain (loss) arising from the change in the market value of investments for (\$40,126) loss (2020 - \$9,544 gain).

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINAL FINANCIAL STATEMENTS

December 31, 2022

5. INVESTMENTS, continued

The marketable securities consists of the following investment mix:

	<u>2022</u>	<u>2021</u>
Cash and short-term	\$ 2	\$ 2
Fixed income (cost of \$207,103)	201,539	230,564
Canadian equities (cost of \$28,000)	35,598	39,451
Global equities (cost of \$40,345)	<u>51,892</u>	<u>59,139</u>
	<u>\$ 289,031</u>	<u>\$ 329,156</u>

6. TANGIBLE CAPITAL ASSETS

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Office equipment	\$ 45,886	\$ 45,886	\$ -	\$ -
Computer equipment	<u>12,287</u>	<u>10,647</u>	<u>1,640</u>	<u>2,525</u>
	<u>\$ 58,173</u>	<u>\$ 56,533</u>	<u>\$ 1,640</u>	<u>\$ 2,525</u>

Included in computer expense during the year are website hosting costs incurred for \$53,940 (2021 - \$53,940).

7. TRADE PAYABLES AND ACCRUALS

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 4,559	\$ 30,205
Accrued liabilities	13,750	13,750
CNA and CNPS fees payable	99,979	88,589
Credit cards payable	<u>3,536</u>	<u>(400)</u>
	<u>\$ 121,824</u>	<u>\$ 132,144</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).

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINAL FINANCIAL STATEMENTS

December 31, 2022

8. GOVERNMENT REMITTANCES PAYABLE

	2022	2021
GST payable	\$ 34,560	\$ 31,262
Payroll remittances payable	14,372	11,657
	\$ 48,932	\$ 42,919

9. DEFERRED REVENUE

	Opening balance	Deposits	Revenue recognized	Closing balance
Practitioner fees	\$ 4,290	\$ 4,510	\$ (4,290)	\$ 4,510
Active membership fees	612,375	629,470	614,744	627,101
Associate membership fees	2,385	2,250	(2,385)	2,250
Renewal late fees	11,600	10,100	(11,600)	10,100
Processing fees	8,250	-	(8,250)	-
	\$ 638,900	\$ 646,330	\$ 588,219	\$ 643,961

10. CREDIT FACILITIES

The Association holds credit cards with the Royal Bank of Canada for a combined credit limit as at December 31, 2022, of \$45,000 (2021 - \$25,000).

11. RESERVES

The Association maintains the following internally restricted reserves:

	Opening balance	Transfers	Closing balance
Operating Surplus Reserve	\$ 327,000	\$ (63,000)	\$ 264,000
Professional Conduct Reserve	200,000	-	200,000
	\$ 527,000	\$ (63,000)	\$ 464,000

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.

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINAL FINANCIAL STATEMENTS

December 31, 2022

11. RESERVES, continued

Professional Conduct Reserve

Under the Professional Conduct Policy, the Association is required to maintain a minimum of \$200,000 (2021 - \$200,000) for future costs relating to professional conduct. Included in consulting fees expense during the year is \$12,654 (2021 - \$27,071) relating to professional conduct.

12. COMMITMENTS

As at December 31, 2022, the Association is committed to a lease for premises expiring May 31, 2024 and a three-year website hosting and support services subscription agreement expiring August 11, 2025. Future minimum payments on these agreements are as follows:

2023	\$	78,192
2024		41,006
2025		<u>16,425</u>
	\$	<u>135,623</u>

13. BUDGET AMOUNTS

The 2022 budget amounts on the Statement of Operations to the financial statements, are presented for information purposes only and are unaudited.

14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of final financial statements in assessing the extent of risk related to financial instruments.

(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.

REGISTERED NURSES ASSOCIATION OF NWT AND NUNAVUT

NOTES TO THE FINAL FINANCIAL STATEMENTS

December 31, 2022

14. FINANCIAL INSTRUMENTS, continued

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to its accounts receivable. The Association reduces this risk by performing credit evaluations on its customers on a continuous basis.

(d) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, various long-term debt agreements, obligations under capital leases and operating lease commitments.