

Financial Statements of

**COLLEGE OF
REGISTERED NURSES
OF NEWFOUNDLAND
AND LABRADOR**

And Independent Auditors' Report thereon

Year ended March 31, 2022



KPMG LLP
TD Place
140 Water Street, Suite 1001
St. John's NL A1C 6H6
Canada
Tel 709-733-5000
Fax 709-733-5050

INDEPENDENT AUDITORS' REPORT

To the Members of College of Registered Nurses of Newfoundland and Labrador

Opinion

We have audited the financial statements of College of Registered Nurses of Newfoundland and Labrador (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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.

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

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

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



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- 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.

KPMG LLP

Chartered Professional Accountants

St. John's, Canada

June 2, 2022

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Statement of Financial Position

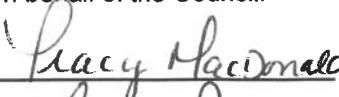
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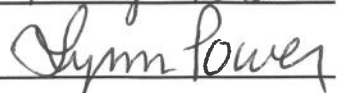
March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,946,020	\$ 4,094,869
Trade receivable	37,299	32,173
Prepaid expenses	20,863	20,409
	<u>4,004,182</u>	<u>4,147,451</u>
Portfolio investments (note 2)	2,847,248	2,830,601
Capital assets (note 3)	136,786	152,283
	<u>\$ 6,988,216</u>	<u>\$ 7,130,335</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 551,091	\$ 618,216
HST payable	299,987	360,919
Deferred revenue	2,165,505	2,525,985
	<u>3,016,583</u>	<u>3,505,120</u>
Net assets:		
Unrestricted	1,527,523	1,447,429
Internally restricted (note 10)		
Invested in capital assets	136,785	152,282
Global member services plan	50,348	43,429
Ways and means plan	129,082	121,525
Conduct review plan	477,028	407,110
Building contingency plan	1,548,077	1,374,868
TD affinity plan	102,790	78,572
	<u>3,971,633</u>	<u>3,625,215</u>
Commitments (note 8)		
Subsequent event (note 12)		
	<u>\$ 6,988,216</u>	<u>\$ 7,130,335</u>

See accompanying notes to financial statements.

On behalf of the Council:

 Chair

 Executive Director

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenues:		
Practicing members	\$ 2,644,516	\$ 2,596,401
Interest income	63,972	63,497
Registration service fees	58,467	58,155
Other	55,837	62,477
Dividend income	23,972	20,929
Non-practicing members	18,342	17,789
	<u>2,865,106</u>	<u>2,819,248</u>
Expenses:		
Salaries and benefits	1,548,669	1,512,146
Affiliation fees (note 5)	329,277	416,921
Administration	231,123	215,173
Professional conduct review	120,658	178,895
Registration	71,309	100,843
Expenses of council	68,603	44,366
Communications	42,864	90,911
Practice and policy	33,617	1,973
Amortization	33,302	65,248
Examinations	2,063	-
Other	1,471	918
	<u>2,482,956</u>	<u>2,627,394</u>
Excess of revenues over expenses, before other items	382,150	191,854
Other income (expenses):		
Gain on sale of investments	61,576	27,217
Unrealized (loss) gain on fair value of investments	(97,308)	249,473
Insurance proceeds (note 7)	-	71,004
Loss on disposal of capital assets (note 7)	-	(3,125)
Flood loss (note 7)	-	(63,518)
	<u>(35,732)</u>	<u>281,051</u>
Excess of revenues over expenses	\$ 346,418	\$ 472,905

See accompanying notes to financial statements.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Invested in Capital Assets	Global Member Services Plan	Ways and Means Plan	Conduct Review Plan	Building Contingency Plan	TD Affinity Plan	Unrestricted	2022	2021
Balance, beginning of year	\$ 152,282	\$ 43,429	\$ 121,525	\$ 407,110	\$ 1,374,868	\$ 78,572	\$ 1,447,429	\$ 3,625,215	\$ 3,152,310
(Deficiency) excess of revenues over expenses	(33,302)	–	–	–	–	–	379,720	346,418	472,905
Capital asset purchase	17,805	–	–	–	–	–	(17,805)	–	–
Internally restricted (note 10)	–	6,919	7,557	69,918	173,209	24,218	(281,821)	–	–
Balance, end of year	\$ 136,785	\$ 50,348	\$ 129,082	\$ 477,028	\$ 1,548,077	\$ 102,790	\$ 1,527,523	\$ 3,971,633	\$ 3,625,215

See accompanying notes to financial statements.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 346,418	\$ 472,905
Items not involving cash:		
Amortization	33,302	65,248
Loss on disposal of capital asset	-	3,125
Realized gain on sale of investments	(61,576)	(27,217)
Unrealized loss (gain) on fair value of investments	97,308	(249,473)
Reinvested investment income	(23,474)	(23,936)
Unrealized foreign exchange (gain) loss	(8,317)	27,032
	<u>383,661</u>	<u>267,684</u>
Changes in non-cash operating working capital:		
Increase in trade receivable	(5,126)	(30,165)
Increase in prepaid expenses	(454)	(3,579)
(Decrease) increase in accounts payable and accrued liabilities	(67,125)	12,207
(Decrease) increase in HST payable	(60,932)	1,531
(Decrease) increase in deferred revenue	(360,480)	73,527
	<u>(110,456)</u>	<u>321,205</u>
Investing:		
Purchase of capital assets	(17,805)	(33,870)
Purchase of investments	(546,519)	(611,198)
Proceeds from sale of investments	525,931	559,886
	<u>(38,393)</u>	<u>(85,182)</u>
(Decrease) increase in cash and cash equivalents	(148,849)	236,023
Cash and cash equivalents, beginning of year	4,094,869	3,858,846
Cash and cash equivalents, end of year	<u>\$ 3,946,020</u>	<u>\$ 4,094,869</u>
Cash and cash equivalents consists of:		
Cash	\$ 1,104,419	\$ 1,120,061
Short-term investments	2,841,601	2,974,808
	<u>\$ 3,946,020</u>	<u>\$ 4,094,869</u>

See accompanying notes to financial statements.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year ended March 31, 2022

1. Basis of presentation:

Effective September 1, 2019, Bill 57 amended the Registered Nurses Act, 2008 to change the name of The Association of Registered Nurses of Newfoundland and Labrador to the College of Registered Nurses of Newfoundland and Labrador herein after called "CRNNL" or the "College".

The College operates under the authority of the Newfoundland Registered Nurses Act. The College is a not-for-profit organization, governed by an elected council (the "Council"). As a not-for-profit organization, the College is exempt from income taxes under the Income Tax Act of Canada.

(a) Cash and cash equivalents:

The College considers cash and cash equivalents as deposits in the bank, certificates of deposit and short-term investments with original maturities of three months or less.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and fixed income and equity securities that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the College determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the College expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Basis of presentation (continued):

(c) Investments:

The College's investments are comprised of short-term investments and portfolio investments. The short-term investments include Canadian dollar denominated Guaranteed Investment Certificate investments that mature within one year and cash balances held within the investment accounts. The portfolio investments include Canadian and US dollar denominated fixed income and equity securities.

Short-term investments and portfolio investments are accounted for at fair value with changes in fair value recorded in the statement of operations. Fair value of short-term investments is based on cost plus accrued income. Fair value for portfolio investments is based on the latest bid prices.

(d) Capital assets:

Capital assets are stated at cost, less accumulated amortization. No amortization is recorded on assets under construction. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Building	Straight line	2.5%
Furniture and fixtures	Declining balance	20%
Computer software	Declining balance	50%
Land improvements	Declining balance	8%

The carrying amount of an item of capital assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Basis of presentation (continued):

(e) Revenue recognition:

The College follows the deferral method of accounting for contributions. Under this method, any restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are reported as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions that are specified to be used towards capital projects are recognized as deferred capital contributions in the period in which they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured and are amortized to income on the same basis as the related capital item.

(f) Government assistance:

Government assistance is recorded as a reduction of the related expense when there is reasonable assurance that the College has and will continue to comply with all the necessary conditions to obtain the assistance.

(g) Use of estimates:

The preparation of the financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets.

(h) Foreign currency translation:

Assets and liabilities of the College's denominated in a foreign currency are translated at year end exchange rates. Revenue and expenses are translated at a weighted average of rates in effect during the year. During the year, the College recorded a foreign exchange gain of \$8,317 (2021 - loss of \$27,032).

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Investments:

	2022	2021
Portfolio investments:		
Cost	\$ 2,858,689	\$ 2,744,734
Fair market value	2,847,248	2,830,601

3. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 441,463	\$ 388,359	\$ 53,104	\$ 64,141
Furniture and fixtures	809,786	736,925	72,861	77,890
Computer software	102,972	94,631	8,341	7,557
Land improvements	13,575	11,095	2,480	2,695
	\$ 1,367,796	\$ 1,231,010	\$ 136,786	\$ 152,283

4. Accounts payable and accrued liabilities:

	2022	2021
Trade accounts payable	\$ 58,161	\$ 75,512
Employee vacation payable	188,409	211,535
Other accrued liabilities	70,746	78,400
Newfoundland and Labrador Registered Nurses' Education and Research Trust	144,130	130,646
Other	89,645	27,476
Canadian Nurses Association	-	94,647
	\$ 551,091	\$ 618,216

Included in accounts payable and accrued liabilities are government remittances payable of \$40,132 (2021 - \$19,405), which includes amounts payable for payroll related taxes.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Affiliation fees:

	2022	2021
Canadian Nurses Association	\$ 302,148	\$ 389,142
National Council of State Boards of Nursing	1,902	2,096
Canadian Council of Registered Nurses Regulators	25,000	25,000
Other	227	683
	\$ 329,277	\$ 416,921

6. Related party transactions:

The following represents significant transactions with the members of the Council of the College, not otherwise disclosed in the financial statements. These transactions occur in the normal course of operations and are measured at the exchange amount.

	2022	2021
Chair honorarium	\$ 10,000	\$ 10,000
Reimbursement of expense for Council	5,430	1,258
	\$ 15,430	\$ 11,258

7. Flood loss:

In July 2020, a portion of the building was damaged by a flood. The College holds an insurance policy covering building repairs. The College has submitted its claim to, and received reimbursement from, its insurance provider for \$71,004. For the year ended March 31, 2021, the College recorded \$63,518 in costs related to repairing the building, \$9,986 in costs related to assets purchased due to flood damage, and incurred a loss on disposal of assets of \$3,125.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Commitments:

The College has commitments with respect to office equipment leases. The amounts committed with respect to these and other leases are as follows:

2024	\$	5,920
2025		1,667

9. Employee future benefits:

The College's full-time employees participate in a multi-employer defined benefit plan, the Public Service Pension Plan ("PSPP"). Sufficient information is not available to use defined benefit plan accounting, and thus defined contribution plan accounting is used. The assets of the plan are held separately from those of the College in an independently administered fund. The plan is mandatory for employees upon the date of full-time employment with the College. Employee and employer contributions are calculated based upon the Newfoundland and Labrador government PSPP. Contributions paid and expensed by the College to the PSPP during the year totaled \$138,537 (2021 - \$137,752).

Employee contributions are up to 11.85% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan ("CPP"). A pension benefit is available for new employees based on the number of years of pensionable service times 2% of the employee's best six years average salary, and for existing employees, based on the higher of the frozen best average five year earnings or the best average six year earnings. Both new and existing pension benefits are reduced by a formulated amount representing CPP pension benefits for each year since 1967.

The College's part-time employees participate in a multi-employer defined contribution plan, the Government Money Purchase Pension Plan ("GMPP"). The assets of the plan are also held separately from those of the College in an independently administered fund. The plan is mandatory for all permanent part-time employees and employer contributions are at an amount equal to 5% of the salary. Contributions paid and expensed by the College to the GMPP during the year were \$347 (2021 - \$1,392).

The College is required to pay accumulated sick leave to its grandfathered employees if they are unable to work due to illness or injury. The total accumulated leave amounts to \$180,652 at March 31, 2022 (2021 - \$174,695). Employees are not entitled to payment if they leave the employment of the College. The accumulated sick leave is not recorded in the financial statements.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Plans:

During the period, the Council approved the following transfers to and between internally restricted funds:

	Unrestricted	Global Member Services Plan	Ways and Means Plan	Conduct Review Plan	Building Contingency Plan	TD Affinity Plan
Allocation of fees	\$ (281,821)	\$ 6,919	\$ 6,919	\$ 69,918	\$ 173,209	\$ 25,718
Allocation of interest	-	-	638	-	-	-
Costs incurred	-	-	-	-	-	(1,500)
	\$ (281,821)	\$ 6,919	\$ 7,557	\$ 69,918	\$ 173,209	\$ 24,218

The College has established the following plans which accumulate funds to cover in the following areas:

Global Member Services Plan

The purpose of the Global Member Services Plan is to accumulate funds for the purpose of facilitating services and offerings that are available to all members. As of March 31, 2020, a council resolution was made to wind-up the former Legal Assistance Plan and the outstanding balance was transferred to the Global Member Services Plan.

Ways and Means Plan

The purpose of the Ways and Means Plan is to accumulate funds for the purpose of facilitating and maintaining member services through CRNNL's website.

Conduct Review Plan

The Conduct Review Plan has been established to assist the College to cover extraordinary legal and related costs associated with the professional conduct review process.

Building Contingency Plan

The Building Contingency Plan has been established to cover non-routine repair and maintenance costs and future replacement needs associated with the property at 55 Military Road, St. John's.

TD Affinity Plan

The TD Affinity Plan has been established to accumulate funds received from TD Insurance Meloche Monnex for the percentage of the insurance sales to members of CRNNL. The fund is built indefinitely and to be used at the discretion of the Council. An amount of \$1,500 is earmarked annually for member/public awareness initiatives

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Financial instrument risks:

The College's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. Significant risks managed by the College include liquidity, credit, and market risks.

Financial instruments consist of cash, trade receivable, short-term investments, portfolio investments, and accounts payable and accrued liabilities. The fair value of financial instruments approximate their carrying values unless otherwise noted.

(a) Liquidity risk:

Liquidity risk is the risk that the College will be unable to meet its contractual obligations and financial liabilities. The College manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

(b) Credit risk:

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The College's credit risk is attributable to receivables and deposits held with financial institutions. The credit risk concentration with respect to accounts receivable is not significant. Financial instruments are held with major Canadian financial institutions.

(c) Market risk:

Market risk is the risk of loss associated with fluctuations in share prices of investments held in public markets. The College's market risk is attributable to its investments. The College manages this risk by regularly monitoring investment activities, having professional advisors manage the portfolio and diversifying its investment portfolio.

COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Financial instrument risks (continued):

(d) Other risk:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time.

The College is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the College is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

12. Subsequent event:

The College, in collaboration with the Centre for Nursing Studies ("CNS") submitted a proposal to support the economic advancement of Newcomers and establish a new and improved nursing skills assessment service for Internationally Educated Nurses ("IENs") in Newfoundland and Labrador. The project was approved for \$1,173,027 in funding that will be used to purchase simulation equipment and establish the Nursing Community Assessment Service in St. John's. The contract runs from April 1, 2022 through March 31, 2023.