

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2020



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## 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, 2020
- the statement of operations for the year then ended
- the statement of retained earnings 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, 2020 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

### ***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 for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, 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.

### ***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*

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Chartered Professional Accountants

St. John's, Canada

June 4, 2020

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

## Statement of Financial Position

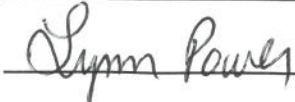
March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,858,846	\$ 3,546,545
Trade receivable	2,008	5,249
Prepaid expenses	16,830	18,511
	<u>3,877,684</u>	<u>3,570,305</u>
Portfolio investments (note 2)	2,505,695	2,601,903
Capital assets (note 3)	186,786	202,650
	<u>\$ 6,570,165</u>	<u>\$ 6,374,858</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 606,009	\$ 566,132
HST payable	359,388	348,580
Deferred revenue	2,452,458	2,407,219
	<u>3,417,855</u>	<u>3,321,931</u>
Net assets:		
Unrestricted	1,262,305	1,234,170
Internally restricted (note 9)		
Invested in capital assets	186,785	202,649
Legal assistance plan	36,429	44,550
Ways and means plan	113,951	105,168
Conduct review plan	357,500	335,000
Building contingency plan	1,138,418	1,063,418
TD affinity plan	56,922	67,972
	<u>3,152,310</u>	<u>3,052,927</u>
Commitments (note 7)		
	<u>\$ 6,570,165</u>	<u>\$ 6,374,858</u>

See accompanying notes to financial statements.

On behalf of the Council:

 President

 Executive Director

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

## Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
<b>Revenues:</b>		
Practicing members	\$ 2,545,294	\$ 2,549,443
Interest income	93,195	74,834
Other	61,764	61,884
Registration service fees	60,695	52,363
Dividend income	23,057	31,401
Non-practicing members	21,297	22,261
Examinations	-	13,119
	<u>2,805,302</u>	<u>2,805,305</u>
<b>Expenses:</b>		
Salaries and benefits	1,460,945	1,436,787
Affiliation fees (note 5)	398,364	383,032
Professional conduct review	216,099	177,571
Administration	184,968	208,217
Expenses of council	120,593	82,416
Registration	67,023	85,309
Communications	42,418	42,185
Amortization	32,921	33,471
Practice and policy	21,770	17,441
Other	16,318	35,957
Examinations	425	15,125
	<u>2,561,844</u>	<u>2,517,511</u>
Excess of revenues over expenses, before other items	243,458	287,794
<b>Other income (expenses):</b>		
Loss on sale of investments	(3,057)	(12,872)
Unrealized (loss) gain on fair value of investments	(141,018)	23,483
	<u>(144,075)</u>	<u>10,611</u>
<b>Excess of revenues over expenses</b>	<b>\$ 99,383</b>	<b>\$ 298,405</b>

See accompanying notes to financial statements.

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

## Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Invested in Capital Assets	Legal Assistance Plan	Ways and Means Plan	Conduct Review Plan	Building Contingency Plan	TD Affinity Plan	Unrestricted	2020	2019
Balance, beginning of year	\$ 202,649	\$ 44,550	\$ 105,168	\$ 335,000	\$ 1,063,418	\$ 67,972	\$ 1,234,170	\$ 3,052,927	\$ 2,754,522
(Deficiency) excess of revenues over expenses	(32,921)	–	–	–	–	–	132,304	99,383	298,405
Capital asset purchase	17,057	–	–	–	–	–	(17,057)	–	–
Internally restricted (note 9)	–	(8,121)	8,783	22,500	75,000	(11,050)	(87,112)	–	–
Balance, end of year	\$ 186,785	\$ 36,429	\$ 113,951	\$ 357,500	\$ 1,138,418	\$ 56,922	\$ 1,262,305	\$ 3,152,310	\$ 3,052,927

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 99,383	\$ 298,405
Items not involving cash:		
Amortization	32,921	33,471
Realized loss on sale of investments	3,057	12,872
Unrealized losses (gain) on fair value of investments	144,018	(23,483)
Reinvested investment income	(64,783)	(21,785)
	<u>214,596</u>	<u>299,480</u>
Changes in non-cash operating working capital:		
Decrease in trade receivable	3,241	19,267
Decrease (increase) in prepaid expenses	1,681	(6,835)
Increase (decrease) in accounts payable and accrued liabilities	39,876	(3,362)
Increase (decrease) in HST payable	10,808	(2,840)
Increase (decrease) in deferred revenue	45,239	(17,637)
Decrease in accrued severance pay	-	(179,837)
	<u>315,441</u>	<u>108,236</u>
Investing:		
Purchase of capital assets	(17,057)	(52,220)
Purchase of investments	390,998	(592,750)
Proceeds from sale of investments	(377,081)	551,157
	<u>(3,140)</u>	<u>(93,813)</u>
Increase in cash and cash equivalents	312,301	14,423
Cash and cash equivalents, beginning of year	3,546,545	3,532,122
Cash and cash equivalents, end of year	<u>\$ 3,858,846</u>	<u>\$ 3,546,545</u>
Cash and cash equivalents consists of:		
Cash	\$ 1,159,024	\$ 960,862
Short-term investments	2,699,822	2,585,683
	<u>\$ 3,858,846</u>	<u>\$ 3,546,545</u>

See accompanying notes to financial statements.



# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year ended March 31, 2020

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## 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 equity instruments 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. The College has not elected to carry any such financial 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, 2020

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## 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
Buildings	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, 2020

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## 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) 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.

### (g) 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 \$10,342 (2019 - 4,992).

## 2. Investments:

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	2020	2019
Portfolio investments:		
Cost	\$ 2,669,300	\$ 2,624,491
Fair market value	2,505,695	2,601,903

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# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2020

### 3. Capital assets:

			2020		2019	
	Cost	Accumulated amortization	Net book value		Net book value	
Buildings	\$ 473,562	\$ 366,285	\$ 107,277	\$	118,314	
Furniture and fixtures	785,785	717,520	68,265		70,999	
Computer software	92,355	84,041	8,314		10,152	
Flags and signs	530	530	-		-	
Land improvements	13,575	10,645	2,930		3,185	
	\$ 1,365,807	\$ 1,179,021	\$ 186,786	\$	202,650	

Included in buildings is an asset under construction of \$32,100 (2019 - 32,100).

### 4. Accounts payable and accrued liabilities:

	2020		2019	
Other trade accounts payable	\$	27,752	\$	22,927
Employee vacation payable		240,532		213,814
Other accrued liabilities		89,638		87,824
Newfoundland and Labrador Registered Nurses' Education and Research Trust		113,952		109,076
Government remittances		-		18,325
Other		41,986		27,129
Canadian Nurses Association		92,149		87,037
	\$	606,009	\$	566,132

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 5. Affiliation fees:

	2020	2019
Canadian Nurses Association	\$ 370,894	\$ 354,842
National Council of State Boards of Nursing	2,013	1,988
Canadian Council of Registered Nurses Regulators	25,000	25,000
Other	457	1,202
	<b>\$ 398,364</b>	<b>\$ 383,032</b>

## 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.

	2020	2019
Chair honorarium	\$ 10,000	\$ 10,000
Reimbursement of travel expense for Council	13,634	12,429
	<b>\$ 23,634</b>	<b>\$ 22,429</b>

## 7. Commitments:

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

2021	\$	8,720
2022		5,920
2023		2,000

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 8. 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 \$132,011 (2019 - \$131,610).

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 \$658 (2019 - \$176).

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 \$250,777 at March 31, 2020 (2019 - \$246,909). 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, 2020

## 9. Plans:

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

	Unrestricted	Legal Assistance Plan	Ways and Means Plan	Conduct Review Plan	Building Contingency Plan	TD Affinity Plan
Allocation of fees	\$ (87,112)	\$ 6,761	\$ 6,761	\$ 22,500	\$ 75,000	\$ 19,978
Allocation of interest	-	-	2,022	-	-	-
Costs incurred	-	(14,882)	-	-	-	(31,028)
	\$ (87,112)	\$ (8,121)	\$ 8,783	22,500	\$ 75,000	\$ (11,050)

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

### *Legal Assistance Plan*

The College has established a Legal Assistance Plan to help members with the professional conduct review proceedings that may take place under Section 21 of the Newfoundland Registered Nurses Act.

In the current year, a council resolution was made to wind-up this fund as of March 31, 2020. The fund will cover eligible proceedings initiated up to November 14, 2018. Any fund balance remaining after accruing for legal fees to be paid at a later date, as of March 31, 2020 will be transferred to the unrestricted fund.

### *Ways and Means Plan*

The purpose of the Ways and Means Plan is to accumulate funds for the next Biennial Convention of the Canadian Nurses Association to be held in Newfoundland and Labrador.

### *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, 2020

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## 10. 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, 2020

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## 11. Subsequent events:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, CRNNL has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- experienced temporary declines in the fair value of investments and investment income;
- closure of administrative buildings based on public health recommendations;
- work from home requirements for those able to do so;
- and the issuance of temporary emergency licenses.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. An estimate of the financial effect is not practicable at this time.