

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended March 31, 2024



## **KPMG LLP**

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# **INDEPENDENT AUDITOR'S 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, 2024
- 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, 2024 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 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.

### ***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 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- 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.
- 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 7, 2024

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

## Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,390,163	\$ 4,943,951
Trade receivable	37,952	19,696
Short-term investments	50,295	50,255
Prepaid expenses	24,771	16,892
	<u>4,503,181</u>	<u>5,030,794</u>
Portfolio investments (note 2)	2,870,538	2,715,293
Capital assets (note 3)	2,271,472	175,119
	<u>\$ 9,645,191</u>	<u>\$ 7,921,206</u>

## Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 558,370	\$ 710,600
HST payable	372,978	327,967
Deferred revenue	2,527,049	2,280,348
Deferred IEN contributions (note 5)	-	307,213
	<u>3,458,397</u>	<u>3,626,128</u>
Net assets:		
Unrestricted	2,657,211	1,555,903
Internally restricted (note 10)		
Invested in capital assets	2,271,472	175,119
Global member services plan	51,927	194,658
Conduct review plan	631,072	556,808
Building contingency plan	475,112	1,709,800
TD affinity plan	-	102,790
Single Nurse Regulator	75,000	-
Interjurisd Licence Development	25,000	-
	<u>6,186,794</u>	<u>4,295,078</u>


Commitments (note 8)

	<u>\$ 9,645,191</u>	<u>\$ 7,921,206</u>
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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, 2024, with comparative information for 2023

	2024	2023
<b>Revenues:</b>		
Practicing members	\$ 2,644,992	\$ 2,349,872
IEN Project (note 5)	424,516	748,511
Interest income	189,525	141,238
Registration service fees	378,190	152,389
Other	63,288	50,672
Dividend income	36,787	24,474
Non-practicing members	18,746	18,526
	<u>3,756,044</u>	<u>3,485,682</u>
<b>Expenses:</b>		
Salaries and benefits (note 9)	1,597,714	1,605,089
IEN Project (note 5)	424,516	748,511
Administration	195,889	199,461
Expenses of council	122,154	111,951
Professional conduct review	140,089	104,767
Registration	138,035	102,213
Amortization	133,179	31,111
Practice and policy	13,654	30,149
Communications	25,344	28,659
Affiliation fees (note 6)	37,439	27,227
Other	812	1,215
Examinations	-	18
	<u>2,828,825</u>	<u>2,990,371</u>
Excess of revenues over expenses, before other items	927,219	495,311
<b>Other income (expenses):</b>		
Loss on sale of investments	(38,823)	(12,415)
Unrealized gain (loss) on fair value of investments	158,290	(159,451)
Gain on disposal of capital assets	845,030	-
	<u>964,497</u>	<u>(171,866)</u>
<b>Excess of revenues over expenses</b>	<b>\$ 1,891,716</b>	<b>\$ 323,445</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, 2024, with comparative information for 2023

	Invested in Capital Assets	Global Member Services Plan	Conduct Review Plans	Building Contingency Plan	TD Affinity Plan	Single Nurse Regulator	Interjurisd Licence Development	Unrestricted	2024 Total	2023 Total
Balance, beginning of year	\$ 175,119	\$ 194,658	\$ 556,808	\$ 1,709,800	\$ 102,790	\$ -	\$ -	\$ 1,555,903	\$ 4,295,078	\$ 3,971,633
(Deficiency) excess of revenues over expenses	(133,179)	-	-	-	-	-	-	2,024,895	1,891,716	323,445
Capital asset purchase	2,229,532	(210,459)	-	(1,259,688)	(102,790)	-	-	(656,595)	-	-
Transferred (note 10)	-	50,000	74,264	25,000	-	75,000	25,000	(249,264)	-	-
Internally restricted (note 10)	-	17,728	-	-	-	-	-	(17,728)	-	-
Balance, end of year	\$ 2,271,472	\$ 51,927	\$ 631,072	\$ 475,112	\$ -	\$ 75,000	\$ 25,000	\$ 2,657,211	\$ 6,186,794	\$ 4,295,078

See accompanying notes to financial statements.

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 1,891,716	\$ 323,445
Items not involving cash:		
Amortization	133,179	31,111
(gain) loss on disposal of capital asset	(845,030)	4,030
Realized loss on sale of investments	38,823	12,415
Unrealized loss on fair value of investments	(158,290)	159,451
Reinvested investment income	(37,177)	(35,743)
Unrealized foreign exchange gain	1,924	(21,659)
	<u>1,025,145</u>	<u>473,050</u>
Changes in non-cash operating working capital:		
(Increase) decrease in trade receivable	(18,256)	17,603
(Decrease) increase in prepaid expenses	(7,879)	3,971
(Decrease) increase in accounts payable and accrued liabilities	(152,230)	159,509
Increase in HST payable	45,011	27,980
Increase in deferred revenue	246,701	114,843
(Decrease) increase in deferred IEN contributions	(307,213)	307,213
	<u>831,279</u>	<u>1,104,169</u>
Investing:		
Purchase of capital assets	(2,283,589)	(73,974)
Proceeds from sale of capital assets	899,087	500
Purchase of investments	(846,999)	(202,757)
Proceeds from sale of investments	846,434	169,993
	<u>(1,385,067)</u>	<u>(106,238)</u>
(Decrease) increase in cash and cash equivalents	(553,788)	997,931
Cash and cash equivalents, beginning of year	4,943,951	3,946,020
Cash and cash equivalents, end of year	<u>\$ 4,390,163</u>	<u>\$ 4,943,951</u>
Cash and cash equivalents consists of:		
Cash	\$ 1,414,532	\$ 973,727
Short-term investments	2,975,631	3,970,224
	<u>\$ 4,390,163</u>	<u>\$ 4,943,951</u>

See accompanying notes to financial statements.



# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year ended March 31, 2024

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## 1. Basis of presentation:

The College of Registered Nurses of Newfoundland and Labrador herein after called "CRNNL" or 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, 2024

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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
Building	Straight line	2.5%
Furniture and fixtures	Declining balance	20%
Computer software	Declining balance	50%
Flags and signs	Declining balance	10%
Land improvements	Declining balance	8%

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset shall be written down to the asset's fair value or replacement cost.

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2024

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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) 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.

### (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 loss of \$1,924 (2023 - gain of \$21,659).

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 2. Portfolio investments:

	2024	2023
Portfolio investments:		
Cost	\$ 2,872,795	\$ 2,872,795
Fair market value	2,870,538	2,715,293

## 3. Capital assets:

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 1,942,268	\$ 20,350	\$ 1,921,918	\$ 63,577
Furniture and fixtures	905,970	773,122	132,848	66,108
Computer software	386,970	173,684	213,286	43,153
Flags and signs	3,800	380	3,420	-
Land improvements	-	-	-	2,281
	\$ 3,239,008	\$ 967,536	\$ 2,271,472	\$ 175,119

During the year, the College sold its property located at 55 Military road for proceeds of \$899,087 and bought a new property located at 1033 Topsail road for \$1,391,837. The sale of the old property resulted in a gain of \$845,030.

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 4. Accounts payable and accrued liabilities:

	2024	2023
Trade accounts payable	\$ 61,091	\$ 250,560
Employee vacation payable	200,139	184,090
Other accrued liabilities	23,333	48,085
Newfoundland and Labrador Registered Nurses' Education and Research Trust	198,256	154,168
Government remittances	21,098	39,724
Other	54,453	33,973
	<b>\$ 558,370</b>	<b>\$ 710,600</b>

Included in accounts payable and accrued liabilities are government remittances payable of \$21,098 (2023 - \$39,724), which includes amounts payable for payroll related taxes.

## 5. IEN Project:

During fiscal 2021-2022, 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 by CNS to purchase and hold simulation equipment and establish the Nursing Community Assessment Service in St. John's. The contract ran from April 1, 2022 through March 31, 2023, and was then extended to May 31, 2023. As of March 31, 2024, \$424,516 has been recognized as revenue and expense (2023 - \$748,511).

## 6. Affiliation fees:

	2024	2023
National Council of State Boards of Nursing	\$ 2,034	\$ 2,029
Canadian Council of Registered Nurses Regulators	25,000	25,000
Other	10,405	198
	<b>\$ 37,439</b>	<b>\$ 27,227</b>

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 7. 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.

	2024	2023
Chair honorarium	\$ 10,000	\$ 10,000
Reimbursement of expense for Council	11,995	15,019
Board Compensation	42,000	-
	\$ 63,995	\$ 25,019

## 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:

2025	\$ 3,201
2026	1,877
2027	1,877

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 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 \$141,186 (2023 - \$139,707).

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 \$nil (2023 - \$nil).

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 \$193,630 at March 31, 2024 (2023 - \$193,411). 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, 2024

## 10. Plans:

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

	Unrestricted	Global Member Services Plan	Conduct Review Plan	Building Contingency Plan	TD Affinity Plan	Single Nurse Regulator	Interjuris- diction Licence Development
Allocation of fees	\$ (17,728)	\$ 17,728	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer between Plans	(249,264)	50,000	74,264	25,000	-	75,000	25,000
	\$ (266,992)	\$ 67,728	\$ 74,264	\$ 25,000	\$ -	\$ 75,000	\$ 25,000

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.

### *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*

As the property at 55 Military Road was sold and a new property at 1033 Topsail Road was purchased, the fund is now purposed for covering non-routine repair and maintenance costs of the new property. A minimum of \$250,000 of the College's unrestricted cash assets shall be set aside as the building contingency fund. The fund will be increased by an amount of \$25,000, which will be moved from the unrestricted surplus to the building fund annually.



# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 10. Plans (continued):

### *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. In February 2023, the College announced it will no longer contribute to this fund and the use has been earmarked for the new Alinity registration system.

### *Single Nurse Regulator*

During the year, a new restricted fund was setup to offset costs associated with the potential merger of College of Licensed Practical Nurses ("CLPNNL") and College of Registered Nurse ("CRNNL"). An Initial transfer of \$75,000 from the unrestricted surplus was made and no less than \$10K of excess revenue over expenditure every year thereafter until merger complete.

### *Interjurisdictional Licence Fund*

To offset CRNNL and CLPNNL's share of the Interjurisdictional Licence development costs, a transfer of \$25,000 from the unrestricted surplus was made.

## 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 and cash equivalents, trade receivables, 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.

# COLLEGE OF REGISTERED NURSES OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 11. Financial instrument risks (continued):

### (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 with a target mix of 25% equities and 75% cash.

## 12. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenues over expenses.