SASKATCHEWAN REGISTERED NURSES' ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Saskatchewan Registered Nurses' Association** have been prepared by the Association's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

Council has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

Joanne Petersen RN

Joanne Petersen
President

Hoffman RN

Carolyn Hoffman
Executive Director

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VIRTUS GROUP
Chartered Professional Accountants & Business Advisors LLP

INDEPENDENT AUDITORS' REPORT

To the Members

Saskatchewan Registered Nurses' Association

We have audited the accompanying financial statements of **Saskatchewan Registered Nurses' Association** which comprise the statement of financial position as at **December 31, 2017** and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

March 28, 2018

Regina, Saskatchewan

VIRTUS GROUP LLP

Chartered Professional Accountants

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SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017
(with comparative figures for 2016)

		2017		2016
ASSETS				
Current assets				
Cash	$	125,709	$	45,456
Investments (Note 3)		6,991,413		6,487,585
Accounts receivable		68,811		45,906
GST receivable		69,624		26,021
Prepaid expenses		190,345		142,033
		7,445,902		6,747,001
Tangible capital assets (Note 4)		1,564,383		1,533,479
Intangible asset (Note 5)		158,562		304,662
	$	9,168,847	$	8,585,142
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	618,826	$	508,495
Deferred revenue and fees collected in advance		5,394,729		5,311,912
Current portion of long-term debt (Note 6)		60,800		56,640
		6,074,355		5,877,047
Long-term debt (Note 6)		415,699		473,209
		6,490,054		6,350,256
NET ASSETS				
Invested in tangible capital & intangible assets		1,246,446		1,308,292
Internally restricted		-		58,745
Unrestricted surplus		1,432,347		867,849
		2,678,793		2,234,886
	$	9,168,847	$	8,585,142

Commitments (Note 8)

See accompanying notes to the financial statements.

Approved on behalf of Council:

Joanne Petersen Council Member

Council Member

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SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017
(with comparative figures for the year ended December 31, 2016)

	Invested in tangible capital & intangible assets	Internally restricted	Unrestricted surplus	2017	2016
Net assets, beginning of year	$ 1,308,292	$ 58,745	$ 867,849	$ 2,234,886	$ 1,790,895
Excess of revenues over expenses	-	-	443,907	443,907	443,991
Purchases of assets	115,699	-	(115,699)	-	-
Amortization	(230,895)	-	230,895	-	-
Repayment of long-term debt	53,350	-	(53,350)	-	-
Transfer	-	(58,745)	58,745	-	-
Net assets, end of year	$ 1,246,446	$ -	$ 1,432,347	$ 2,678,793	$ 2,234,886

See accompanying notes to the financial statements.

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(with comparative figures for the year ended December 31, 2016)

	2017	2016
Revenue		
Memberships	$ 6,174,029	$ 6,078,796
Funding	24,896	38,110
Other revenue	397,810	348,821
Total revenue	6,596,735	6,465,727
Expenses		
Change projects	78,886	123,233
Communications	289,743	484,564
Competence assurance	564,976	551,283
Corporate services	823,050	655,064
Council and governance	213,229	179,033
Human resources	176,873	179,122
Information technology	790,128	699,914
Member professional liability	424,840	422,049
National membership fees	643,430	616,291
Practice support	701,846	603,804
Professional standards	335,842	350,142
Program approval	15,309	23,731
Registration	542,388	529,403
Regulatory	225,746	217,487
Special meetings	-	61,842
Strategy and partnership development	371,236	350,603
	6,197,522	6,047,565
Excess of revenue over expenses before other items	399,213	418,162
Investment revenue		
Interest	44,694	25,829
Excess of revenue over expenses	$ 443,907	$ 443,991

See accompanying notes to the financial statements.

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(with comparative figures for the year ended December 31, 2016)

	2017	2016
Cash provided by (used in) operating activities:		
Excess of revenue over expenses	$ 443,907	$ 443,991
Items not involving cash:		
- Amortization	230,895	238,079
	674,802	682,070
Non-cash operating working capital (Note 7)	78,328	(506,283)
	753,130	175,787
Cash provided by (used in) investing activities:		
Net change in investments	(503,828)	(5,423,675)
Additions to tangible capital assets	(115,699)	(64,016)
	(619,527)	(5,487,691)
Cash provided by (used in) financing activities:		
Repayment of long-term debt	(53,350)	(54,550)
Increase (decrease) in cash	80,253	(5,366,454)
Cash position - beginning of year	45,456	5,411,910
Cash position - end of year	$ 125,709	$ 45,456

See accompanying notes to the financial statements.

1. Nature of operations

Saskatchewan Registered Nurses' Association ("SRNA") was established in 1917 by provincial legislation and is the professional, self-regulatory body for the Province's 11,699 (2016 - 11,491) RNs and RN(NP)s. SRNA's mission is better health for all through nursing regulation, professional practice, and collaboration. SRNA is a not-for-profit organization and is exempt from income tax under Section 149(1)(l) of the *Income Tax Act.*

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which required 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 revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The financial statements reflect the assets, liabilities, revenues and expenses of SRNA and do not include any other assets, liabilities, revenues and expenses of the members. The financial statements reflect the following policies:

Financial instruments

Financial assets and financial liabilities are recorded on the balance sheet when SRNA becomes party to the contractual provisions of the financial instrument. SRNA initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

SRNA subsequently measures all its financial assets and financial liabilities at cost or 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 of these financial instruments are recognized in net revenue over expenses. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on the diminishing balance basis over the estimated useful life of the assets at the following annual rates:

Building	5 %
Computer equipment	33 %
Equipment under capital lease	20 %
Furniture and fixtures	20 %
Parking lot	5 %

2. Summary of significant accounting policies (continued)

Intangible assets

Intangible assets are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method at a rate of 20% intended to amortize the cost of intangible assets over its estimated useful life.

Fund accounting

The internally restricted fund was established to provide funds for celebrating SRNA's 100th anniversary in 2017. With the completion of the 100th anniversary celebration activities and events this restricted fund was discontinued as of December 31st, 2017.

Revenue recognition

SRNA 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 reasonable estimated and collection is reasonably assured.

Restricted investment revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment revenue is recognized as revenue when earned.

Membership revenue and fees for practising RN and non practising members are recognized as revenue in the period to which they apply. Other fees are recognized in the period in which they are received.

3. Investments

	2017	2016
RBC Business Premium Investment Account	$ 5,810,899	$ 5,323,167
Guaranteed investment certificates	1,180,514	1,164,418
	$ 6,991,413	$ 6,487,585

The RBC Business Premium Investment Account is a high interest savings account which earns interest at a rate of 0.7%. Guaranteed investment certificates have interest rates ranging from .50% - 1.75% (2016 - .50% - 1.62%), and maturities dates ranging between January and December 2018 (2016 - January and December 2017). Investments are recorded at fair value.

4. Tangible capital assets

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building and parking lot	$ 2,358,107	$ 1,101,234	$ 1,256,873	$ 1,323,029
Computer equipment	348,320	215,590	132,730	30,602
Equipment under capital lease	172,243	146,087	26,156	32,696
Furniture and fixtures	144,868	115,886	28,982	27,510
Land	119,642	-	119,642	119,642
	$ 3,143,180	$ 1,578,797	$ 1,564,383	$ 1,533,479

5. Intangible asset

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Membership database	$ 730,527	$ 571,965	$ 158,562	$ 304,662

6. Long-term debt

	2017	2016
Mortgage payable to **Royal Bank of Canada** in monthly payments of \$6,133 (2016 - \$6,295) combined interest and principal payments with interest fixed at 2.85% (2016 - 3.75%). Building is pledged as security, which has a net book value of \$1,256,873 at December 31st, 2017. Mortgage terms are renewable in June of 2021.	$ 476,499	$ 529,849
Current portion due within one year	60,800	56,640
	$ 415,699	$ 473,209

The estimated principal repayments, based on the current terms of the mortgage, which will be due in each of the next five years are as follows:

2018	$ 60,800
2019	62,600
2020	64,400
2021	66,200
2022	68,200

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7. Non-cash operating working capital

Details of net change in each element of working capital relating to operations excluding cash are as follows:

	2017	2016
(Increase) decrease in current assets:		
Accounts receivable	$ (22,905)	$ (36,979)
GST receivable	(43,603)	(26,021)
Prepaid expenses	(48,312)	(57,686)
	(114,820)	(120,686)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	110,331	(229,952)
GST payable	-	(268,926)
Deferred revenue	82,817	113,281
	193,148	(385,597)
	$ 78,328	$ (506,283)

8. Commitments

SRNA has entered into various operating lease agreements and service contracts that span more than one fiscal year with estimated minimum annual payments as follows:

2018	$ 354,300
2019	93,950
2020	55,190
2021	12,770

SRNA has provided a letter of guarantee to Ceridian Canada Limited in the amount of $75,000.

9. Defined contribution pension plan

SRNA has a defined contribution pension plan for employees. SRNA's obligations are limited to matching contributions made by employees for current services. During the year, SRNA contributed $119,135 (2016 - $122,541) to the plan.

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10. Financial risk management

SRNA has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which SRNA is exposed are:

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association is exposed to currency risk on the maintenance costs of its database, which is provided by a foreign company. The Association does not use any derivative financial instruments to alter the effects of this risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association's exposure to interest rate risk is limited to the long-term debt. The interest rate on this debt is fixed; therefore, the Association will not face increasing interest costs in an increasing interest rate market until such time as the debt matures.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Association's financial obligations.