

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)

FINANCIAL STATEMENTS

DECEMBER 31, 2021


MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Saskatchewan Registered Nurses' Association (operating as the College of Registered Nurses of Saskatchewan)** 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.



Francoise Verville, NP
President



Cindy Smith, RN, BScN, MN
Executive Director



INDEPENDENT AUDITORS' REPORT

To the Members Saskatchewan Registered Nurses' Association

Opinion

We have audited the financial statements of **Saskatchewan Registered Nurses' Association (operating as the College of Registered Nurses of Saskatchewan)**, which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, and its financial performance and 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 report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT continued

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

March 16, 2022
Regina, Saskatchewan

VIRTUS GROUP LP
Chartered Professional Accountants

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(with comparative figures for 2020)

ASSETS	<u>2021</u>	<u>2020</u> <i>Restated (Note 12)</i>
Current assets		
Cash	\$ 4,424,253	\$ 4,588,305
Investments (Note 3)	2,482,221	2,453,648
Accounts receivable	174,861	182,695
Prepaid expenses	851,952	1,478,955
	7,933,287	8,703,603
Tangible capital assets (Note 4)	1,299,920	1,346,336
Intangible asset (Note 5)	154,134	229,999
	\$ 9,387,341	\$ 10,279,938
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 427,012	\$ 575,529
GST payable	-	239,813
Deferred revenue and fees collected in advance	5,621,405	5,951,238
Current portion of long-term debt (Note 6)	68,338	66,233
	6,116,755	6,832,813
Long-term debt (Note 6)	154,057	222,605
	6,270,812	7,055,418
NET ASSETS		
Invested in tangible & intangible assets	1,231,659	1,287,497
Unrestricted surplus	1,884,870	1,937,023
	3,116,529	3,224,520
	\$ 9,387,341	\$ 10,279,938
Commitments (Note 8)		

See accompanying notes to the financial statements.

Approved on behalf of Council:



Council Member



Council Member

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

	Invested in tangible & intangible assets	Unrestricted surplus	2021	2020 Restated (Note 12)
Net assets, beginning of year - previously reported	\$ 1,287,497	\$ 2,031,492	\$ 3,318,989	\$ 3,077,274
Correction of prior period error (Note 12)	-	(94,469)	(94,469)	(94,469)
Net assets, beginning of year - as restated	1,287,497	1,937,023	3,224,520	2,982,805
Excess (deficiency) of revenues over expenses	-	(107,991)	(107,991)	241,715
Purchases of tangible capital assets	49,051	(49,051)	-	-
Amortization	(171,332)	171,332	-	-
Repayment of long-term debt	66,443	(66,443)	-	-
Net assets, end of year	<u>\$ 1,231,659</u>	<u>\$ 1,884,870</u>	<u>\$ 3,116,529</u>	<u>\$ 3,224,520</u>

See accompanying notes to the financial statements.

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Revenue		
Memberships	\$ 6,843,335	\$ 6,697,395
Prescription review program funding	18,425	64,591
Interest	43,541	108,009
Other revenue	386,030	352,080
	<u>7,291,331</u>	<u>7,222,075</u>
Expenses		
Affiliation fees	1,372,534	1,383,446
Amortization	171,332	182,163
Communications	35,316	11,103
Contracts and consulting	974,272	936,622
Grants, sponsorships, and awards	9,825	21,616
Insurance and property tax	38,356	34,527
Interest and bank charges	65,879	78,771
Miscellaneous	45,843	39,842
Professional development and meetings	352,668	279,119
Rent and lease	3,359	17,793
Repairs and maintenance	66,741	63,258
Supplies, equipment and software	420,228	387,370
Utilities	57,984	61,190
Wages and benefits	3,784,985	3,483,540
	<u>7,399,322</u>	<u>6,980,360</u>
Excess (deficiency) of revenue over expenses	<u>\$ (107,991)</u>	<u>\$ 241,715</u>

See accompanying notes to the financial statements.

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash provided by (used in) operating activities:		
Excess (deficiency) of revenue over expenses	\$ (107,991)	\$ 241,715
Items not involving cash:		
- Amortization	171,332	182,163
	<u>63,341</u>	<u>423,878</u>
Non-cash operating working capital (Note 7)	(83,326)	(1,093,268)
	<u>(19,985)</u>	<u>(669,390)</u>
Cash provided by (used in) investing activities:		
Net change in investments	(28,573)	(76,031)
Additions to tangible capital assets	(49,051)	(22,551)
	<u>(77,624)</u>	<u>(98,582)</u>
Cash provided by (used in) financing activities:		
Repayment of long-term debt	(66,443)	(64,296)
Decrease in cash	(164,052)	(832,268)
Cash position - beginning of year	<u>4,588,305</u>	<u>5,420,573</u>
Cash position - end of year	<u>\$ 4,424,253</u>	<u>\$ 4,588,305</u>

See accompanying notes to the financial statements.

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

1. Nature of operations

Saskatchewan Registered Nurses' Association (the "Association") was established in 1917 by provincial legislation and is the professional, self-regulatory body for the Province's 12,344 (2020 - 12,195) registered nurses and nurse practitioners. During the year, the Association revised its mandate to focus on protecting the public through fair, transparent and effective regulatory processes and upholding the standards of care in Saskatchewan. The Association is now conducting its activities as the College of Registered Nurses of Saskatchewan. The Association 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 following policies:

Financial instruments

Financial assets and financial liabilities are recorded on the statement of financial position when the Association becomes party to the contractual provisions of the financial instrument. The Association 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.

The Association 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 %

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

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.

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership revenue and fees for practising registered nurses 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. Investment revenue is recognized as revenue when earned.

3. Investments

	<u>2021</u>	<u>2020</u>
Guaranteed Investment Certificate	\$ 75,000	\$ 75,000
RBC Monthly Income and Principal Protected Funds	<u>2,407,221</u>	<u>2,378,648</u>
	<u>\$ 2,482,221</u>	<u>\$ 2,453,648</u>

The guaranteed investment certificate has an interest rate of .10% (2020 - .50%), and a maturity date of March 2022 (2020 - March 2021). The RBC monthly income and principal protected funds are mutual funds which have been recorded at market value reflecting an unrealized market loss of \$25,751 (2020 - gain of \$22,069) at year end.

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

4. Tangible capital assets

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building and parking lot	\$ 2,422,672	\$ 1,340,666	\$ 1,082,006	\$ 1,107,175
Computer equipment	391,530	319,451	72,079	86,776
Equipment under capital lease	172,243	161,530	10,713	13,392
Furniture and fixtures	151,093	135,613	15,480	19,351
Land	119,642	-	119,642	119,642
	<u>\$ 3,257,180</u>	<u>\$ 1,957,260</u>	<u>\$ 1,299,920</u>	<u>\$ 1,346,336</u>

5. Intangible asset

	2021		2020	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Membership database	\$ 456,209	\$ 302,075	\$ 154,134	\$ 229,999

6. Long-term debt

	<u>2021</u>	<u>2020</u>
Mortgage payable to Royal Bank of Canada in monthly payments of \$6,088 combined interest and principal payments with interest fixed at 2.47%. Building with a net book value of \$1,082,006 is pledged as security. Mortgage matures in June 2024.	\$ 222,395	\$ 288,838
Current portion due within one year	68,338	66,233
	<u>\$ 154,057</u>	<u>\$ 222,605</u>

The estimated principal repayments due in each of the next three years are as follows:

2022	\$ 68,338
2023	70,041
2024	84,016

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

7. Non-cash operating working capital

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

	<u>2021</u>	<u>2020</u>
(Increase) decrease in current assets:		
Accounts receivable	\$ 7,834	\$ (71,765)
GST receivable	-	10,245
Prepaid expenses	627,003	(1,393,617)
	634,837	(1,455,137)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(148,517)	20,035
GST payable	(239,813)	239,813
Deferred revenue	(329,833)	102,021
	(718,163)	361,869
	\$ (83,326)	\$ (1,093,268)

8. Commitments

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

2022	\$ 352,315
2023	83,470
2024	83,470
2025	20,868

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

9. Defined contribution pension plan

The Association has a defined contribution pension plan for employees. The Association's obligations are limited to matching contributions made by employees for current services. During the year, the Association contributed \$194,743 (2020 - \$170,317) to the plan.

SASKATCHEWAN REGISTERED NURSES' ASSOCIATION
(operating as the College of Registered Nurses of Saskatchewan)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

10. Financial risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk on the accounts receivable from its members, however, does not have a significant exposure to any individual member. The credit risk on cash and investments is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies and bonds held are issued by provincial governments.

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 membership database, which is priced in United States dollars. 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.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year.

12. Correction of prior period error

During the year, it was determined that the Association's prepaid expenses were overstated at December 31, 2019 due to a misunderstanding of the terms of a contract. As a result, the Association decreased prepaid expenses and opening unrestricted surplus by \$94,469 in the December 31, 2020 comparative figures.