

College and Association of Registered Nurses of Alberta

Financial Statements
September 30, 2019



Independent auditor's report

To the Members of College and Association of Registered Nurses of Alberta

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of College and Association of Registered Nurses of Alberta (the Entity) as at September 30, 2019 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.

What we have audited

The Entity's financial statements comprise:

- the statement of financial position as at September 30, 2019;
 - 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
 - the notes to the financial statements, which include a summary of significant accounting policies.
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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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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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 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 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 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 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.



We 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.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants

Edmonton, Alberta
December 13, 2019

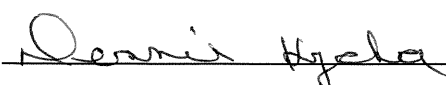
College and Association of Registered Nurses of Alberta

Statement of Financial Position

As at September 30, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	31,031,896	30,112,605
Accounts receivable	62,327	31,275
Prepaid expenses (note 4)	1,408,153	1,119,976
	<u>32,502,376</u>	<u>31,263,856</u>
Investments (note 5)	7,029,531	6,438,153
Capital assets (note 6)	12,033,274	11,221,552
Employee future benefits (note 7)	3,768,200	2,875,800
	<u>55,333,381</u>	<u>51,799,361</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,025,398	1,316,126
Accrued vacation payable	670,066	553,024
Deferred registration fee revenue	23,369,912	22,371,504
Deferred grants	22,086	29,500
Debt obligations (note 10)	2,341,099	3,814,982
	<u>27,428,561</u>	<u>28,085,136</u>
Long-term liabilities		
Debt obligations (note 10)	5,577,949	2,929,635
Deferred contributions relating to capital assets (note 8)	3,641,107	3,533,379
	<u>36,647,617</u>	<u>34,548,150</u>
Net Assets		
Invested in capital assets	2,985,802	3,263,053
Internally restricted fund (note 9)	-	387,332
Unrestricted fund	15,699,962	13,600,826
	<u>18,685,764</u>	<u>17,251,211</u>
	<u>55,333,381</u>	<u>51,799,361</u>

Approved by the Council

 Member

 Member

The accompanying notes are an integral part of these financial statements.

College and Association of Registered Nurses of Alberta

Statement of Operations

For the year ended September 30, 2019

	2019 \$	2018 \$
Revenue		
Registration fees	22,935,155	21,279,922
CNA affiliate fee	(2,262,808)	(2,134,497)
CNPS fees	(1,825,160)	(1,382,067)
Investment income (note 5)	935,937	484,189
Other fees	780,456	820,184
Amortization of deferred capital contributions (note 8)	477,247	672,833
Sundry	272,465	667,782
Award gala dinner and conference	78,612	75,145
Grants	19,414	3,500
	<u>21,411,318</u>	<u>20,486,991</u>
Expenses (schedule)		
Corporate services	7,075,963	6,357,484
Registration and conduct	6,283,202	6,212,490
Professional practice support	2,797,421	2,993,871
Human resources and communications	1,801,091	1,984,842
Executive office	1,080,388	937,232
Amortization	656,798	451,622
Contribution to ARNET (note 9)	737,969	338,141
Governance	434,304	390,218
Loss on disposition or impairment of capital assets (note 6)	2,029	219,833
	<u>20,869,165</u>	<u>19,885,733</u>
Excess of revenue over expenses before other items	<u>542,153</u>	<u>601,258</u>
Other items		
Pension obligation adjustment (note 7)	(386,200)	492,300
Pension special payment (note 7)	-	(557,672)
	<u>(386,200)</u>	<u>(65,372)</u>
Excess of revenue over expenses for the year	<u>155,953</u>	<u>535,886</u>

The accompanying notes are an integral part of these financial statements.

College and Association of Registered Nurses of Alberta

Statement of Changes in Net Assets

For the year ended September 30, 2019

				2019	2018
	Invested in capital assets \$	Internally restricted fund \$	Unrestricted \$	Total \$	Total \$
Net assets – Beginning of year	3,263,053	387,332	13,600,826	17,251,211	16,770,725
Excess of revenue over expenses for the year	-	-	155,953	155,953	535,886
Investment in capital asset – net	(277,251)	-	277,251	-	-
Removal of internal restriction (note 9)	-	(387,332)	387,332	-	-
Remeasurements and other items of employee future benefits	-	-	1,278,600	1,278,600	(55,400)
Net assets – End of year	2,985,802	-	15,699,962	18,685,764	17,251,211

The accompanying notes are an integral part of these financial statements.

College and Association of Registered Nurses of Alberta

Statement of Cash Flows

For the year ended September 30, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Registration fees	24,790,695	23,677,040
Investment income	590,877	484,189
Other income	840,324	1,448,760
Cash paid to suppliers and employees	(24,419,600)	(22,668,821)
Interest paid on debt obligations	(311,540)	(175,785)
	<u>1,490,756</u>	<u>2,765,383</u>
Investing activities		
Proceeds on sale of investments	3,914,616	4,074,373
Purchase of investments	(4,189,963)	(4,215,384)
Purchase of capital assets	(1,470,549)	(9,483,485)
	<u>(1,745,896)</u>	<u>(9,624,496)</u>
Financing activities		
Proceeds from debt obligations	1,370,546	6,873,263
Repayments of debt obligations	(196,115)	(128,646)
	<u>1,174,431</u>	<u>6,744,617</u>
Increase (decrease) in cash and cash equivalents during the year	919,291	(114,496)
Cash and cash equivalents – Beginning of year	<u>30,112,605</u>	<u>30,227,101</u>
Cash and cash equivalents – End of year (note 3)	<u>31,031,896</u>	<u>30,112,605</u>

The accompanying notes are an integral part of these financial statements.

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2019

1 Purpose of organization

College and Association of Registered Nurses of Alberta (CARNA) is responsible for protecting the public through safe, competent and ethical nursing practices. CARNA, incorporated under the Health Professions Act (RSA 2000), is a not-for-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Significant accounting policies observed in the preparation of the financial statements are summarized below.

Measurement uncertainty

The precise determination of certain assets and liabilities is dependent on future events, and the preparation of financial statements for a year necessarily involves identification of assets and liabilities that are subject to estimates and approximations. Actual results could differ from those estimates. Significant estimates include providing for amortization of capital assets and employee future benefits.

Investments

CARNA's investments consist of fixed income and equity based instruments held primarily for trading purposes. The investment portfolios, managed by a third party investment manager, are subject to an investment policy set by management and reviewed by the Finance and Audit Committee. CARNA's primary investment objective is to maximize returns within a low to medium level of risk, with medium liquidity.

Investments are recorded at fair value on the latest closing bid price. This accounting treatment results in unrealized changes in the market value of the investment portfolio being reported as a component of fair value changes reported on the statement of operations. The current year includes an unrealized gain of \$306,591 (2018 – loss of \$10,248) resulting from net unrealized portfolio gains and losses that have occurred during the year.

The purchase and sale of investments are recognized on the settlement date.

Cash and cash equivalents

Cash and cash equivalents comprise interest bearing deposits held with Canadian chartered banks and cash funds with maturities of three months or less from the date of inception.

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Notes to Financial Statements

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Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis at the following annual rates:

Buildings	3 1/3% – 10%
Furniture and equipment	10% – 33 1/3%

Capital assets acquired during the year are not amortized until they are placed into use. The cost and accumulated amortization for fully amortized capital assets are removed from the movement schedule (note 6), though the assets remain in use.

Employee future benefits

CARNA has a defined benefit pension plan (the plan) for all permanent employees.

CARNA recognizes its defined benefit obligation as the employees render services giving them the right to earn the pension benefit. The defined benefit obligation at the statement of financial position date is determined using the most recent actuarial valuation report prepared for funding purposes. The measurement date of the plan assets and the defined benefit obligation is CARNA's statement of financial position date.

In its year-end statement of financial position, CARNA recognizes the defined benefit obligation, less the fair value of the plan assets, adjusted for any valuation allowance in the case of a net defined benefit asset. The plan cost for the year is recognized in the statement of operations.

Remeasurements and other items comprise the aggregate of the following: the difference between the actual return on plan assets and the return calculated using the discount rate; actuarial gains and losses; the effect of any valuation in the case of a net defined benefit asset; past service costs; and gains and losses arising from settlements and curtailments. The remeasurement costs are reflected in the statement of changes in net assets.

Deferred registration fee revenue

Deferred registration fees arise from timing differences between the collection of registration fees and the practice year. The registration revenues are collected in advance for the period from October through September.

Deferred contributions

Externally restricted contributions relating to capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. The cash is held as restricted cash until it is spent.

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Notes to Financial Statements

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Externally restricted grants are deferred and recognized as revenue when the related expenses are incurred. Externally restricted contributions relating to the Legacy Project were deferred as at September 30, 2018. The contributions were fully expended during the year.

Revenue recognition

Revenue is recognized when received, receivable, or in the year to which it relates, if amounts can be reasonably estimated and collection is reasonably assured.

Where CARNA's role in the transaction is that of principal, revenue is recognized on a gross basis. This requires revenue to comprise the gross value of the transactions with any related expenditures charged to expenses.

Where CARNA's role in a transaction is that of an agent, revenue is recognized on a net basis with revenue representing the margin earned.

- Registration fees

Fees are set by the Governing Council of CARNA. The revenue generated on an annual basis is deferred and recognized proportionally over the fiscal year.

Canadian Nurses Protective Society (CNPS) and Canadian Nurses Association (CNA) fees are collected by CARNA through the annual registration fee process. Remittance of these fees to CNPS and CNA is based on the number of registered nurses and registered nurse practitioners (including those with temporary permits) multiplied by the applicable CNPS and CNA fee category rates. The membership numbers utilized by CARNA to determine the fees and report to CNPS and CNA directly reconcile to CARNA's underlying detailed membership records.

- Other fees

Other fees comprise the following:

- a) Application and verification fees: These fees are determined by the Chief Executive Officer of CARNA as delegated by the Governing Council. The revenue generated is recognized in the fiscal year to which it relates.
- b) Temporary, courtesy and limited permits: These fees are set by the Governing Council of CARNA. The revenue generated is recognized in the fiscal year to which it relates.

- Investment income

Investment income includes dividends, interest income and realized and unrealized investment gains and losses. CARNA's investment income is not subject to any restrictions either internally or externally.

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- Award gala dinner and conference

The fees charged are recognized as revenue in the year in which the award gala dinner and conference is presented.

- Grants

Grants are recorded when there is a reasonable assurance CARNA has complied with and will continue to comply with all the necessary conditions to obtain the grants.

- Sundry

Sundry revenue is recognized in the year in which the revenue is earned, specifically when the following conditions are met:

- services are provided or products are delivered to members;
- there is clear evidence that an arrangement exists;
- amounts are fixed or can be determined; and
- the ability to collect is reasonably assured.

3 Cash and cash equivalents

	2019 \$	2018 \$
Cash	2,459,047	2,955,419
Canadian Money Market Funds Series O through Phillips, Hager & North Investment Management. The funds' one-year gross rate of return was 2.02% from October 1, 2018 to September 30, 2019	28,572,849	27,157,186
	<u>31,031,896</u>	<u>30,112,605</u>

Included in cash and cash equivalents are the following amounts allocated for a specifically identified purpose:

	2019 \$	2018 \$
Externally restricted for the purchase of capital assets	2,521,491	2,319,499
Internally restricted for nursing research	-	387,332
	<u>2,521,491</u>	<u>2,706,831</u>

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Notes to Financial Statements

September 30, 2019

4 Prepaid expenses

	2019 \$	2018 \$
CNA affiliation fees	583,987	549,388
CNPS fees	493,084	345,907
Other	331,082	224,681
	<u>1,408,153</u>	<u>1,119,976</u>

5 Investments

	2019 \$	2018 \$
Fixed income measured at fair value with maturities ranging between 2020 and 2045 with a weighted average time to maturity of 8.56 years and weighted average yield to maturity of 2.20% per annum	4,951,817	4,375,657
Common equities measured at fair value	2,077,714	2,062,496
	<u>7,029,531</u>	<u>6,438,153</u>

Investments include United States dollar denominated investments and equivalents of \$1,005,351 (2018 – \$990,210). These assets have been translated and presented in Canadian dollars at the year-end exchange rate.

Investment income from investments and cash and cash equivalents comprises the following:

	2019 \$	2018 \$
Interest	535,866	430,707
Unrealized gain (loss) on investments	306,591	(10,248)
Dividends	84,040	66,821
Realized gain (loss) on investments	9,440	(3,091)
	<u>935,937</u>	<u>484,189</u>

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2019

6 Capital assets

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Loc. 1: 11620 – 168 St.				
Land	230,000	-	230,000	230,000
Building	3,319,515	2,346,265	973,250	1,148,153
Furniture and equipment	207,866	119,325	88,541	643,012
Loc. 2: 11120 – 178 St.				
Land	3,873,887	-	3,873,887	3,873,887
Building	6,217,890	160,818	6,057,072	5,312,819
Furniture and equipment	1,404,102	593,578	810,524	13,681
	<u>15,253,260</u>	<u>3,219,986</u>	<u>12,033,274</u>	<u>11,221,552</u>

During the year ended September 30, 2018, CARNA Provincial Council approved a motion for management to remove the conditions on the purchase agreement for the 11120 – 178 St. location, while also approving a motion to start the sale process for the 11620 – 168 St. location. Through the use of a commercial real estate firm, Location 1 was put on the market for sale in May of 2018. During the year, furniture and equipment still being used by CARNA were transferred to Location 2, while the remainder of furniture and equipment remains at Location 1 and is part of the sale offering. As at September 30, 2019, Location 1 remains on the market. As there is uncertainty regarding the ability to complete the sale of Location 1 within the next year, the related net book value of Location 1 has not been recorded as held for sale as a current asset on the statement of financial position and continues to be amortized.

Location 2 building, furniture and equipment were acquired in 2018 and were not subject to amortization for the year ended September 30, 2019 due to the construction work that was underway to renovate and remediate the property to suit the College's needs prior to office relocation. Amortization expense began in January 2019 when the asset was available for use.

During the year ended September 30, 2018, the College had written off the Jurisprudence model and the SharePoint dashboard module due to the abandonment of these developments, which resulted in an impairment charge of \$189,667 and \$30,166 respectively. These amounts were recognized in the statement of operations as an impairment charge of capital assets.

7 Employee future benefits

CARNA has a defined benefit pension plan for all permanent employees. The benefits are based on years of service and the employees' final average earnings.

CARNA accrues its obligations under the employee defined benefit plan as the employees render the services necessary to earn the pension.

College and Association of Registered Nurses of Alberta

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CARNA measures its accrued employee future benefit obligation and the fair value of plan assets using the valuation for funding as at June 30 each year. The most recent actuarial valuation of the pension plan for funding purposes was as at June 30, 2017 and the next required valuation will be as at June 30, 2020.

	2019	2018
	\$	\$
Fair value of plan assets	46,612,500	42,273,900
Accrued benefit obligation	(42,844,300)	(39,398,100)
Plan surplus	<u>3,768,200</u>	<u>2,875,800</u>

The net accrued benefit asset is included in CARNA's statement of financial position.

The significant actuarial assumptions adopted in measuring CARNA's employee future benefit determination are as follows:

	2019	2018
	%	%
Discount rate	4.00	4.00
Salary increases	3.25	3.25
Inflation	2.15	2.15

Total cash payments for employee future benefits for 2019, consisting of cash contributed by CARNA to the registered pension plan, were \$2,107,000 (2018 – \$2,806,900), which is inclusive of special contributions of \$nil (2018 – \$557,672). The pension obligation adjustment on the statement of operations represents the net of the CARNA contributions and \$2,493,200 (2018 – \$2,314,600) related to the current service cost, interest cost on obligation, interest income on assets and administration costs of the pension plan as determined by CARNA's actuary.

8 Deferred contributions relating to capital assets

Deferred contributions relating to capital assets represent externally restricted contributions collected from the members of CARNA for the purpose of capital acquisitions as approved by the Governing Council. The change in the deferred capital contribution balance is as follows:

	2019	2018
	\$	\$
Balance – Beginning of year	3,533,379	3,597,204
Contributions received	584,975	609,008
Amounts amortized to revenue	(477,247)	(672,833)
	<u>3,641,107</u>	<u>3,533,379</u>

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2019

9 Restriction on net assets

	<u>2019</u>	<u>2018</u>	
	Nursing research \$	Total \$	Total \$
Balance – Beginning of year	387,332	387,332	387,332
Removal of internal restriction	(387,332)	(387,332)	-
Current year expenditures	-	-	-
Balance – End of year	-	-	<u>387,332</u>

During the year, CARNA Provincial Council approved the removal of the internal restriction related to net assets for nursing research. Subsequent to this approval, these funds were provided to Alberta Registered Nurses Educational Trust and as such, have been included as an expense in the statement of operations.

10 Debt obligations

	2019 \$	2018 \$
Debt obligation under fixed rate loan – facility 1	2,847,250	2,969,275
Debt obligation under fixed rate loan – facility 2	2,929,239	3,003,329
Debt obligation under non-revolving term loan	2,142,559	772,013
	<u>7,919,048</u>	<u>6,744,617</u>
Less: Current portion	2,341,099	3,814,982
	<u>5,577,949</u>	<u>2,929,635</u>

The debt obligations are secured by a general security agreement constituting a first ranking security interest in all personal property of CARNA; a collateral mortgage in the amount borrowed including an assignment of rents, constituting a first fixed charge on the lands and improvements located at 11120 – 178 St., Edmonton, Alberta (the 178 Street Property); and a certificate of insurance evidencing fire and other perils coverage on the 178 Street Property, showing the Bank as first mortgage.

As at September 30, 2019, CARNA was in compliance with all of the covenants required under these debt obligations.

Debt obligation under fixed rate loan – facility 1

In the prior year, CARNA had a variable rate loan with the Royal Bank of Canada (RBC) at the bank's prime rate plus 0.90% per annum (4.60% at September 30, 2018), repayable in monthly payments of \$10,169 plus interest.

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During the year, CARNA entered into an amended loan agreement with RBC transitioning the former variable rate loan into a fixed rate loan effective January 3, 2019. Under the amended agreement, the loan has a two-year term at 4.25% per annum. The loan is repayable in monthly principal payments of \$10,169. The loan is being amortized over the remaining 24 years with the loan fully repayable on January 3, 2021.

Principal repayments required under the fixed rate loan – facility 1 under the current obligation terms assuming similar terms on renewal are as follows:

	\$
2020	122,025
2021	122,025
2022	122,025
2023	122,025
2024	122,025
Thereafter	<u>2,237,125</u>
	<u>2,847,250</u>

Debt obligation under fixed rate loan – facility 2

In the prior year, CARNA entered into a fixed rate loan from RBC for a five-year term at 4.10% per annum, repayable in monthly blended payments of \$16,292. The loan was being amortized over 25 years with its first renewal date on January 3, 2023.

Principal repayments required under the fixed rate loan under the current obligation terms assuming similar terms on renewal are as follows:

	\$
2020	76,515
2021	80,044
2022	83,388
2023	86,872
2024	90,207
Thereafter	<u>2,512,213</u>
	<u>2,929,239</u>

Debt obligation under non-revolving term loan

CARNA has drawn \$2,142,559 (2018 – \$772,013) at the bank's prime rate of 3.95% (at September 30, 2019) of an interest only term loan with a limit of \$2,500,000. During the year, there was an amendment to the non-revolving term loan whereas the former conversion option date to convert the loan into a five-year fixed term loan was amended from June 30, 2019 to December 31, 2019.

Interest expense related to the debt obligations were \$311,540 (2018 - \$175,785) recorded in Corporate Services expenses on the statement operations.

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2019

11 Financial instruments

CARNA's financial instruments include cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and debt obligations. Cash and cash equivalents and accounts receivable are classified as loans and receivables and are accounted for at amortized cost using the effective interest rate method. Loans and receivables are initially recorded at fair value. Accounts payable and accrued liabilities and debt obligations are classified as other liabilities and are accounted for at amortized cost using the effective interest rate method. Financial liabilities are initially recorded at fair value.

The fair value of financial instruments approximates their carrying amounts due to the short-term maturity of these instruments.

CARNA is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks as at September 30, 2019.

Credit risk

Credit risk refers to the risk a counterparty may default on its contractual obligations resulting in a financial loss. CARNA's investment in bonds and interest accrued thereon is primarily with federal and provincial governments with a portion allocated to investment grade corporate bonds concentrated in Canada. Accounts receivable are of a short-term nature and no individual account receivable is significant to CARNA's financial position.

A portion of the assets held in the pension plan is exposed to credit risk, similar to the risks on CARNA's bond portfolio. In the event of loss in the pension plan, CARNA would be obligated to fund any deficiency that may arise. The investment fund invests in a mix of government and investment grade corporate bonds.

Cash and cash equivalents and term deposits are maintained with a Schedule I financial institution. There has been no change to credit risk from the prior year.

Market and other price risk

CARNA's equity interests are primarily focused on the Canadian public market and are subject to fluctuations due to changes in market prices of individual securities, general market and industry trends, changes in interest rates, creditworthiness and foreign exchange rates. CARNA is also exposed to interest rate risk through its holdings of bonds and variable rate debt obligations. Market and other price risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. All investments are of large market entities regularly traded on the exchanges.

A portion of the assets held in the pension plan is exposed to market and other price risk, similar to the risks on CARNA's investment portfolio. In the event of loss in the pension plan, CARNA would be obligated to fund any deficiency that may arise. The investment fund invests in a mix of large market entities or funds regularly traded on the exchanges.

There has been no change to these risks from the prior year.

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September 30, 2019

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Management monitors cash flow to ensure it is able to pay debt obligations liabilities as they come due. The investments may create liquidity risk if CARNA is required to sell at a time when the market for the investments is unfavourable.

These risks have been updated to reflect the impact of debt obligations drawn during the year.

Currency risk

Currency risk is the risk to CARNA's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of those exchange rates. CARNA does not use derivative instruments to reduce its exposure associated with foreign currency risk.

12 Comparative figures

Certain comparative amounts related to expenditures on the statement of operations have been reclassified to conform to the current year presentation.

College and Association of Registered Nurses of Alberta

Schedule of Expenses

For the year ended September 30, 2019

	2019 \$	2018 \$
Corporate services		
Operations		
Staff costs	2,427,926	2,232,211
Administration	1,648,337	1,623,245
Facilities and equipment costs	1,500,004	1,020,470
Applications and data management		
Computer consulting, software and licensing	631,986	479,820
Business process improvement		
Staff costs	460,637	517,543
Information management		
Staff costs	302,987	374,164
Library and records	83,294	74,255
Record retention and destruction	20,792	35,776
	<u>7,075,963</u>	<u>6,357,484</u>
Registration and conduct		
Registration services		
Staff costs	2,124,297	3,043,563
Legal fees and support	243,634	98,981
Registration resources and operations		
Regulatory committees	143,765	111,542
Legal fees and support	28,855	-
Annual registration renewal process	63,313	62,379
NP exam and NP SEC assessment	11,421	33,342
Professional conduct and complaints		
Staff and contracted investigation costs	2,958,698	2,528,416
Regulatory committees	208,680	120,082
Legal fees and support	500,539	214,185
	<u>6,283,202</u>	<u>6,212,490</u>
Professional practice support		
Regulatory and competence		
Staff costs	1,770,797	1,748,410
Operational committee	61,321	67,573
Professional development and knowledge		
Staff costs	492,914	815,446
Resources and support	2,034	2,292
Practice support		
Staff costs	440,083	347,841
Legal fees and support	2,678	12,309
External relations	27,594	-
	<u>2,797,421</u>	<u>2,993,871</u>

College and Association of Registered Nurses of Alberta

Schedule of Expenses...*continued*

For the year ended September 30, 2019

	2019 \$	2018 \$
Human resources and communications		
Human resources		
Staff costs	705,568	748,358
Legal fees and support	160,964	233,472
Communications		
Staff costs	443,327	537,248
External communications	412,153	410,553
Member events	79,079	55,211
	<hr/> 1,801,091	<hr/> 1,984,842
Executive office		
Staff costs	969,242	895,524
External relations	55,022	24,971
Public and government relations	36,710	13,237
Grant related costs	19,414	3,500
	<hr/> 1,080,388	<hr/> 937,232
Governance		
Provincial council and committee costs	371,330	304,403
Legacy Fund	-	65,713
Annual general meeting	51,939	12,327
Elections	11,035	7,775
	<hr/> 434,304	<hr/> 390,218