

# **College and Association of Registered Nurses of Alberta**

Financial Statements  
**September 30, 2022**



## Independent auditor's report

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

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### 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 (CARNA) as at September 30, 2022 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

CARNA's financial statements comprise:

- the statement of financial position as at September 30, 2022;
- 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 significant accounting policies and other explanatory information.

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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 CARNA 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.

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### 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

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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 CARNA'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 CARNA or to cease operations, or has no realistic alternative but to do so.

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

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### **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 CARNA'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 CARNA'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 CARNA 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Edmonton, Alberta  
December 9, 2022

# College and Association of Registered Nurses of Alberta

## Statement of Financial Position

As at September 30, 2022

	2022 \$	2021 \$ (Restated – note 14)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	31,665,764	35,303,201
Accounts receivable	104,057	101,247
Prepaid expenses (note 4)	1,030,393	977,290
	<u>32,800,214</u>	<u>36,381,738</u>
<b>Investments</b> (note 5)	7,410,212	7,863,953
<b>Capital assets</b> (note 6)	10,205,437	10,674,646
<b>Intangible assets</b> (note 7)	675,244	273,063
<b>Employee future benefits</b> (note 8)	8,707,400	14,209,800
	<u>59,798,507</u>	<u>69,403,200</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 9)	1,219,006	1,327,313
Accrued vacation payable	1,054,793	992,997
Deferred registration fee revenue	18,687,338	23,253,960
Debt obligations (note 12)	2,690,229	2,267,061
	<u>23,651,366</u>	<u>27,841,331</u>
<b>Long-term liabilities</b>		
Debt obligations (note 12)	-	2,689,312
Deferred contributions relating to capital assets (note 10)	3,407,300	3,645,176
	<u>27,058,666</u>	<u>34,175,819</u>
<b>Net Assets</b>		
<b>Invested in capital assets</b>	6,691,285	4,511,488
<b>Internally restricted fund</b> (note 11)	-	-
<b>Unrestricted fund</b>	26,048,556	30,715,893
	<u>32,739,841</u>	<u>35,227,381</u>
	<u>59,798,507</u>	<u>69,403,200</u>

### Approved by the Council

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Member

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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, 2022

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
		(Restated – note 14)
<b>Revenue</b>		
Registration fees	24,076,882	23,854,953
CNA affiliate fee	(2,384,589)	(2,426,653)
CNPS fees	(2,805,964)	(2,342,973)
Investment (losses) income (note 5)	(304,782)	607,949
Other fees	743,962	618,338
Amortization of deferred capital contributions (note 10)	649,537	557,527
Sundry	57,709	237,772
Grants	-	7,454
	<hr/> 20,032,755	<hr/> 21,114,367
<b>Expenses (schedule)</b>		
Strategy and integrated planning	6,983,225	6,649,613
Registration and conduct	4,732,255	4,938,489
Professional practice support	2,389,063	2,581,256
Executive office & government relations	1,240,046	895,755
Amortization	735,883	676,234
Enterprise projects	602,823	655,397
Human resources	586,385	601,177
Governance	421,737	332,747
Contribution to ARNET	388,195	385,128
	<hr/> 18,079,612	<hr/> 17,715,796
<b>Excess of revenue over expenses before other items</b>	<hr/> 1,953,143	<hr/> 3,398,571
<b>Other items</b>		
Gain on sale of capital assets (note 6)	-	3,331,873
Seeding funding to new association (note 11)	-	(1,000,000)
Pension special payment	(9,583)	(206,349)
	<hr/> (9,583)	<hr/> 2,125,524
<b>Excess of revenue over expenses for the year</b>	<hr/> <b>1,943,560</b>	<hr/> <b>5,524,095</b>

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, 2022

	<u>2022</u>			<u>2021</u>	
	<b>Invested in capital and intangible assets \$</b>	<b>Internally restricted fund \$ (note 11)</b>	<b>Unrestricted \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Net assets – Beginning of year</b>	4,511,488	-	30,715,893	35,227,381	25,879,186
Excess of revenue over expenses for the year	-	-	1,943,560	1,943,560	5,524,095
Investment in capital and intangible assets:					
Amortization during the year	(735,884)	-	735,884	-	-
Amortization of deferred capital contributions (note 10)	649,537	-	(649,537)	-	-
Repayment of debt obligations	2,266,144	-	(2,266,144)	-	-
Remeasurements and other items of employee future benefits	-	-	(4,431,100)	(4,431,100)	3,824,100
<b>Net assets – End of year</b>	<u>6,691,285</u>	<u>-</u>	<u>26,048,556</u>	<u>32,739,841</u>	<u>35,227,381</u>

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, 2022

	2022 \$	2021 \$
<b>Cash (used in) provided by</b>		
<b>Operating activities</b>		
Registration fees	19,601,875	24,117,379
Investment income	456,106	303,695
Other income	707,246	795,299
Cash paid to suppliers and employees	(21,401,921)	(22,841,604)
Interest paid on debt obligations	(158,216)	(227,993)
	<u>(794,910)</u>	<u>2,146,776</u>
<b>Investing activities</b>		
Proceeds on sale of investments	2,419,413	3,798,894
Purchase of investments	(2,738,602)	(3,852,866)
Purchase of capital and intangible assets	(668,855)	(678,605)
Proceeds on sale of capital	-	4,431,326
	<u>(988,044)</u>	<u>3,698,749</u>
<b>Financing activities</b>		
Externally restricted contributions for purchase of capital assets (note 10)	411,661	606,065
Repayments of debt obligations	(2,266,144)	(3,025,301)
	<u>(1,854,483)</u>	<u>(2,419,236)</u>
<b>(Decrease) increase in cash and cash equivalents during the year</b>	<b>(3,637,437)</b>	<b>3,426,289</b>
<b>Cash and cash equivalents – Beginning of year</b>	<b>35,303,201</b>	<b>31,876,912</b>
<b>Cash and cash equivalents – End of year (note 3)</b>	<b><u>31,665,764</u></b>	<b><u>35,303,201</u></b>

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, 2022

### 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. On August 19, 2020, CARNA Council voted unanimously to move to a single mandate regulatory organization with a commitment to develop and grow a new association. 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 on the statement of operations. The current year includes an unrealized loss of \$770,557 (2021 – gain \$302,997) 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.

#### Capital assets

Capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the useful lives of the separate components.

# College and Association of Registered Nurses of Alberta

## Notes to Financial Statements

September 30, 2022

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to CARNA's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The writedowns of capital assets are recognized as expenses in the statement of operations. Writedowns are not subsequently reversed.

Amortization is provided on a straight-line basis at the following annual rates:

Buildings	3 1/3%
Building improvements	10% – 20%
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.

### Intangible assets

Expenditures on research are recognized as an expense as incurred.

Costs incurred on custom developed software applications, etc. are capitalized as an intangible asset when they are evaluated as being technical feasible, have an intention to complete the asset, an ability to use the asset to generate probable future economic benefit, have the availability of adequate technical, financial and other resources to complete the assets development and that costs can be reliably measured. The expenditures capitalized include cost of materials, direct labour and overhead costs that are directly attributable to the asset in order for it to be capable of operating in the manner intended by management. Subsequent to initial recognition, development expenditures are measured at cost less accumulated amortization and any provisions for impairment.

Amortization is provided on a straight-line basis for finite useful lived intangibles at the following annual rate:

Software & IT programming	20%
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Intangible assets acquired or developed during the year are not amortized until they are placed into use. The cost and accumulated amortization for fully amortized intangible assets are removed from the movement schedule (note 7), 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.

# College and Association of Registered Nurses of Alberta

## Notes to Financial Statements

September 30, 2022

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.

Externally restricted grants are deferred and recognized as revenue when the related expenses are incurred.

### **Foreign exchange**

A portion of CARNA's investments are denominated in foreign currencies and are translated into Canadian dollars at exchange rates in effect at the statement of financial position date. Income and losses earned on the investments are translated at average rates during the period and are included in investment income.

### **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

# College and Association of Registered Nurses of Alberta

## Notes to Financial Statements

September 30, 2022

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 registrant numbers utilized by CARNA to determine the fees and report to CNPS and CNA directly reconcile to CARNA's underlying detailed registrant 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.

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

# College and Association of Registered Nurses of Alberta

## Notes to Financial Statements

September 30, 2022

### 3 Cash and cash equivalents

	2022 \$	2021 \$
Cash	1,437,840	2,772,333
Canadian Money Market Funds Series O through Phillips, Hager & North Investment Management. The funds' one-year gross rate of return was 1.10% from October 1, 2021 to September 30, 2022	30,227,924	32,530,868
	<u>31,665,764</u>	<u>35,303,201</u>

### 4 Prepaid expenses

	2022 \$	2021 \$
CNA affiliation fees	588,365	619,494
Other	442,028	357,796
	<u>1,030,393</u>	<u>977,290</u>

### 5 Investments

	2022 \$	2021 \$
Fixed income measured at fair value with maturities ranging between 2024 and 2045 with a weighted average time to maturity of 8.33 years and weighted average yield to maturity of 4.3% per annum	4,954,889	4,868,759
Common equities measured at fair value	2,455,323	2,995,194
	<u>7,410,212</u>	<u>7,863,953</u>

Investments include United States dollar denominated investments and equivalents of \$1,004,439 (2021 – \$1,257,667). These assets have been translated and presented in Canadian dollars at the year-end exchange rate.

Investment (losses) income from investments and cash and cash equivalents comprises the following:

	2022 \$	2021 \$
Interest	409,345	233,085
Unrealized (loss) gain on investments	(770,557)	302,997
Dividends	58,871	67,035
Realized (loss) gain on investments	(2,441)	4,832
	<u>(304,782)</u>	<u>607,949</u>

# College and Association of Registered Nurses of Alberta

## Notes to Financial Statements

September 30, 2022

### 6 Capital assets

	2022		2021	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
<b>178 Street Property</b>				
Land	3,873,887	-	3,873,887	3,873,887
Building and building improvements	6,407,268	827,453	5,579,815	5,764,817
Furniture and equipment	2,445,455	1,693,720	751,735	1,035,942
	<u>12,726,610</u>	<u>2,521,173</u>	<u>10,205,437</u>	<u>10,674,646</u>

During the year ended September 30, 2021, CARNA sold the building at the 11620 – 168 St. location. As a result of the sale, a gain on sale of capital assets of \$3,331,873 was recorded. This sale included land, building, building improvements furniture and equipment.

### 7 Intangible Assets

	2022		2021	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Software & IT programming	815,869	140,625	675,244	273,063
	<u>815,869</u>	<u>140,625</u>	<u>675,244</u>	<u>273,063</u>

### 8 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

## Notes to Financial Statements

September 30, 2022

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, 2022 and the next required valuation will be as at June 30, 2025.

	<b>2022</b>	<b>2021</b>
	\$	\$
Fair value of plan assets	48,577,200	54,092,900
Accrued benefit obligation	(39,869,800)	(39,883,100)
Plan surplus	<u>8,707,400</u>	<u>14,209,800</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:

	<b>2022</b>	<b>2021</b>
	%	%
Discount rate	4.80	4.40
Salary increases	3.50	3.50
Inflation	2.00	2.00

Total cash payments for employee future benefits for 2022, consisting of cash contributed by CARNA to the registered pension plan, were \$92,000 (2021 – \$2,036,400).

### 9 Government remittances

Included in accounts payable and accrued liabilities are government remittances required to be paid to government authorities which are recognized when the amounts come due. Included in accounts payable and accrued liabilities was \$582,462 (2021 – \$567,930) of government remittances payable as at September 30, 2022.

### 10 Deferred contributions relating to capital assets

Deferred contributions relating to capital assets represent externally restricted contributions collected from the registrants of CARNA for the purpose of capital acquisitions as approved by the Governing Council. As at September 30, 2022, \$1,908,132 (2021 – \$2,165,327) of the funds had not been expended. The change in the deferred capital contribution balance is as follows:

	<b>2022</b>	<b>2021</b>
	\$	\$
Balance – Beginning of year	3,645,176	3,596,638
Contributions received	411,661	606,065
Amounts amortized to revenue	(649,537)	(557,527)
Balance – End of year	<u>3,407,300</u>	<u>3,645,176</u>

# College and Association of Registered Nurses of Alberta

## Notes to Financial Statements

September 30, 2022

### 11 Restriction on net assets

	<u>2022</u>	<u>2021</u>
	<b>Seed Funding \$</b>	<b>Total \$</b>
Balance – Beginning of year	-	1,000,000
Current year expenditures	-	(1,000,000)
Internal restriction	-	-
	<hr/>	<hr/>
Balance – End of year	-	-
	<hr/>	<hr/>

Subsequent to year-end CARNA's Council approved an internal restriction of \$2,900,000 to fund the capital requirements of CARNA's Information Management Program within the 2023 and 2024 capital plans.

In August 2020 CARNA Council approved to move to a single mandate regulatory organization with a commitment to develop and grow a new association. In support of this mandate, CARNA Council approved the internal restriction of \$1,000,000 to be used towards the establishment of the new association external to CARNA. On September 28, 2021, CARNA transferred these funds to the Alberta Association of Nurses (AAN).

### 12 Debt obligations

	<b>2022 \$</b>	<b>2021 \$</b>
Debt obligation under fixed rate loan – facility 2	2,690,229	2,772,699
Debt obligation under non-revolving term facility – facility 3	-	2,183,674
	<hr/>	<hr/>
Less: Current portion	2,690,229	4,956,373
	<hr/>	<hr/>
	-	2,267,061
	<hr/>	<hr/>
	-	2,689,312
	<hr/>	<hr/>

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 Street, 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.

On March 29, 2022, CARNA repaid the outstanding balance under the 3.2% non-revolving term loan facility with RBC – facility 3.

As at September 30, 2022, CARNA was in compliance with all of the covenants required under these debt obligations.



# College and Association of Registered Nurses of Alberta

## Notes to Financial Statements

September 30, 2022

### Debt obligation under a fixed rate loan – facility 2

In 2018, CARNA entered into a fixed rate loan from Royal Bank of Canada (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. Interest expense incurred with respect to facility 2 during the year was \$113,031 (2021 - \$115,471).

Principal repayments required under the fixed rate loan – facility 2 under the current obligation terms are as follows:

	\$
2023	<u>2,690,229</u>
	<u>2,690,229</u>

### 13 Financial instruments

CARNA's financial instruments include cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities (including accrued vacation payable) 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.

With the exception of investments which are recorded at fair value, the fair values of financial instruments approximate 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, 2022.

#### Credit risk

Credit risk refers to the risk that 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.

# College and Association of Registered Nurses of Alberta

## Notes to Financial Statements

September 30, 2022

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.

The outbreak of COVID-19 caused by a novel strain of coronavirus was recognized as a pandemic by the World Health Organization. COVID-19 has introduced uncertainty and volatility in global markets and economies. The length and extent of the impact of the virus on the fair value of the investments will depend on future developments, which cannot be predicted at this time.

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The conflict between both countries continues to evolve, resulting in economic and global financial markets challenges, including rising inflation and global supply chain disruption. At this time it is uncertain how long the conflict, economic sanctions, and market instability will continue and whether they will escalate further.

### **Liquidity risk**

Liquidity risk is the risk that 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 and liabilities as they come due. Refer to note 10 for further details on aggregate minimum payments. 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 holds US dollar denominated securities in its investment portfolio. CARNA does not use derivative instruments to reduce its exposure associated with foreign currency risk.

# **College and Association of Registered Nurses of Alberta**

Notes to Financial Statements

September 30, 2022

## **14 Comparative figures**

Certain comparative amounts have been reclassified to conform to the current year's presentation, this includes the separation of software costs between capital assets and intangible assets on the statement of financial position and expenditures on the statement of operations.

These reclassifications have no effect on the reported results of operations.

# College and Association of Registered Nurses of Alberta

## Schedule of Expenses

For the year ended September 30, 2022

	2022 \$	2021 \$ (Restated – note 14)
<b>Strategy and integrated planning</b>		
Operations		
Staff costs	2,201,113	2,070,697
Facilities and equipment costs	1,966,085	1,878,751
Administration	955,734	1,233,173
Business process improvement		
Staff costs	900,326	585,059
Communications		
Staff costs	437,574	478,208
External communications	60,730	41,391
Member event	-	9,042
Information management		
Staff costs	367,579	271,225
Library and records	64,087	69,586
Record retention and destruction	29,997	12,481
	<hr/> 6,983,225	<hr/> 6,649,613
<b>Registration and conduct</b>		
Registration services		
Staff costs	1,980,491	1,744,643
Legal fees and support	55,379	71,619
Registration resources and operations		
Regulatory committees	52,991	67,532
NP exam and NP SEC assessment	26,430	17,218
Annual registration renewal process	18,439	57,359
Legal fees and support	9,902	86,609
Professional conduct and complaints		
Staff and contracted investigation costs	2,375,951	2,626,685
Legal fees and support	167,320	206,615
Regulatory committees	45,352	60,209
	<hr/> 4,732,255	<hr/> 4,938,489
<b>Professional practice support</b>		
Regulatory and competence		
Staff costs	1,594,215	1,732,537
Regulatory committee	30,146	62,167
Professional development and knowledge		
Staff costs	460,660	471,216
Resources and support	3,589	5,574
Practice support		
Staff costs	300,196	304,993
Legal fees and support	257	2,119
External relations	-	2,650
	<hr/> 2,389,063	<hr/> 2,581,256

# College and Association of Registered Nurses of Alberta

Schedule of Expenses...continued

For the year ended September 30, 2022

	2022 \$	2021 \$
		(Restated – note 14)
<b>Executive office &amp; government relations</b>		
Staff costs	1,139,354	847,989
External relations	58,924	23,766
Public and government relations	34,690	24,000
Government relations	7,078	
	<hr/> 1,240,046	<hr/> 895,755
<b>Enterprise projects</b>		
Contracted services	428,797	413,180
Project management	151,998	151,140
Legal counsel	22,028	91,077
	<hr/> 602,823	<hr/> 655,397
<b>Human resources</b>		
Human resources		
Staff costs	537,217	511,061
Legal fees and support	49,168	90,116
	<hr/> 586,385	<hr/> 601,177
<b>Governance</b>		
Council and committee costs	421,737	327,543
Elections	-	5,204
	<hr/> 421,737	<hr/> 332,747