

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

**Financial Statements
December 31, 2023**

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Association of Nurses and Nurse Practitioners of British Columbia (the "Association"), which comprise:

- ♦ the statement of financial position as at December 31, 2023;
- ♦ the statement of operations and 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, 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, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* of British Columbia, we report that, in our opinion, the accounting principles in accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 26, 2024

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ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Statement of Financial Position December 31

	2023	2022
Assets		
Current		
Cash	\$ 2,344,018	\$ 1,431,944
Accounts receivable	137,038	133,013
Prepaid expenses	13,568	945
	2,494,624	1,565,902
Capital assets (note 4)	75,821	107,822
Deposits	12,623	23,523
	\$ 2,583,068	\$ 1,697,247
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 96,593	\$ 72,494
Deferred revenue (note 6)	1,528,593	170,836
Current portion of deferred lease inducement (note 7)	10,212	10,212
	1,635,398	253,542
Deferred lease inducement (note 7)	19,574	29,786
	1,654,972	283,328
Net Assets		
Unrestricted	928,096	1,413,919
	\$ 2,583,068	\$ 1,697,247

Commitment (note 11)

Approved on behalf of the Board

 Director

 Director

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Statement of Operations and Changes in Net Assets Year Ended December 31

	2023	2022
Revenues		
Ministry and Health Authority contracts	\$ 3,217,762	\$ 1,831,340
Membership dues	1,059,901	1,163,447
NP restricted fund	266,903	237,228
Other income (note 8)	191,686	206,286
Insurance management fees	108,323	107,927
Corporate donation	59,960	102,038
Administrative fees on Ministry contracts	13,155	9,834
Job posting	12,800	13,900
Mental Health and Wellness one-time funding	-	809,100
	4,930,490	4,481,100
Expenditures		
Ministry and Health Authority contracts	3,215,760	1,833,342
Salaries and benefits	991,529	1,163,990
Engagement	317,296	678,043
Facilities (rent) and equipment	166,280	183,278
NP restricted	147,455	243,780
Consultants/HR expenses	100,186	78,103
Professional practice support	88,446	57,324
Nursing awards	81,312	55,027
Information systems	56,149	54,683
Government relations	41,969	13,415
General communication	35,614	16,862
Professional fees - audit	29,526	26,056
Office and administration	27,906	33,346
Interest, processing fee and bank charges	24,550	25,651
Council governance	23,132	33,664
Insurance and legal support	22,317	40,791
Board governance	14,885	5,627
Amortization	32,001	32,001
	5,416,313	4,574,983
Deficiency of revenues over expenditures for year	(485,823)	(93,883)
Net assets, beginning of year	1,413,919	1,507,802
Net assets, end of year	\$ 928,096	\$ 1,413,919

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Statement of Cash Flows Year Ended December 31

	2023	2022
Operating activities		
Deficiency of revenues over expenditures	\$ (485,823)	\$ (93,883)
Items not involving cash		
Amortization of capital assets	32,001	32,001
Amortization of deferred lease inducement	(10,212)	(10,212)
	(464,034)	(72,094)
Changes in non-cash working capital		
Accounts receivable	(4,025)	(41,438)
Prepaid expenses	(12,623)	500
Deposits	10,900	-
Accounts payable and accrued liabilities	24,099	35,860
Deferred revenue	1,357,757	(586,340)
	1,376,108	(591,418)
Inflow (outflow) of cash	912,074	(663,512)
Cash, beginning of year	1,431,944	2,095,456
Cash, end of year	\$ 2,344,018	\$ 1,431,944

See notes to financial statements

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended December 31, 2023

1. OPERATIONS

The Association of Nurses and Nurse Practitioners of British Columbia (the "Association" or "NNPBC") was incorporated under the *Societies Act* (British Columbia) on August 24, 2018. The Association is exempt from income tax under 149(1)(l) of the *Income Tax Act* (Canada).

NNPBC brings together Licensed Practical Nurses, Nurse Practitioners, Registered Nurses and Registered Psychiatric Nurses who work in hospitals, clinics, care homes, schools, communities, prisons and countless other health and health focused organizations across the province under a voluntary fee structure commencing January 1, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

(a) Revenue recognition

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

Contracted service revenues and job posting revenues are recognized as revenue in the fiscal year to which they relate or when services have been rendered. Revenue received in advance has been recorded as deferred revenue.

Membership dues and administrative fees are recognized as revenue in the fiscal year in which they are earned.

Other revenues and insurance management fees are recognized in the fiscal year in which they are earned.

Interest income is recognized as it is earned in accordance with the terms of the instrument.

(b) Net assets

The unrestricted fund represents cumulative excess of revenues over expenses available for use for day-to-day operations of the Association.

(c) Amortization

Capital assets are recorded at cost less accumulated amortization and are amortized on a straight-line method at the following estimated useful life:

Furniture and equipment	5 years
Leasehold improvements	7.42 years (89 months)

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(d) Financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenues over expenditures. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in excess of revenues over expenditures provided it is not greater than the amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. These transaction costs are amortized into income on a straight-line basis over the term of the instrument. All other transaction costs are recognized in excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association has not designated any financial instruments to be measured at fair value.

(e) Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates include collectability of accounts receivable, useful lives of capital assets and completeness of accrued liabilities. While management believes these estimates are reasonable, actual results could differ from the estimates and could impact future results of operations and cash flows.

(f) Impairment of long-lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(g) Pension plan

The Association and its employees contribute to a multi-employer defined benefit pension plan. Under the terms of the plan, each employer is required to make contributions based on a percentage of eligible employees' wages. From time to time, the employers may be required to make additional payments to cover the plan's solvency deficiency. The actuary does not attribute the net assets or unfunded liability of the plan to individual employers. As a result, the Association does not record an asset or liability associated with its participation in the pension plan. All contributions to the pension plan are expensed when due.

3. FINANCIAL INSTRUMENTS

(a) 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 with respect to its cash balance. The Association has mitigated this risk by holding cash with a major financial institution. The Association is not exposed to significant credit risk with respect to its accounts receivable as the majority of its receivables are from government agencies.

(b) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities.

The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Association manages liquidity risk by budgeting and maintaining adequate cash resources. As at December 31, 2023, the Association had sufficient current assets to settle its current liabilities.

(c) Interest rate risk

Interest rate risk consists of two components:

- i. To the extent that prevailing interest rates differ from the interest rate on the Association's monetary assets and liabilities, the Association is exposed to interest price risk.
- ii. To the extent that payments made or received on the Association's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Association is exposed to interest rate cash flow risk.

The Association is not exposed to significant interest rate risk.

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended December 31, 2023

4. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Furniture and equipment	\$ 21,775	\$ 20,045	\$ 1,730	\$ 6,085
Leasehold improvements	205,042	130,951	74,091	101,737
	\$ 226,817	\$ 150,996	\$ 75,821	\$ 107,822

5. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities are government remittances payable of \$3,812 (2022 - \$1,788).

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended December 31, 2023

6. DEFERRED REVENUE

Deferred revenue represents unspent funding from Ministry and Health Authority contracts for programs administered by the Association.

	Deferred revenue, Jan 1, 2023	Contributions received	Recognized as revenue	Deferred revenue, Dec 31, 2023
Ministry and Health Authority Contracts				
Health Support Program - Vancouver Island Health Authority	\$ 93,256	\$ -	\$ -	\$ 93,256
Health Support Program - Fraser Health Authority	6,937	-	-	6,937
Bundled Services Program - Ministry of Health	70,643	3,800,519	3,167,783	703,379
Mental Health & Wellness program	-	500,000	23,107	476,893
Indigenous Health program	-	275,000	26,872	248,128
	\$ 170,836	\$ 4,575,519	\$ 3,217,762	\$ 1,528,593

	Deferred revenue, Jan 1, 2022	Contributions received	Recognized as revenue	Deferred revenue, Dec 31, 2022
Ministry and Health Authority Contracts				
Health Support Program - Vancouver Island Health Authority	\$ 212,781	\$ -	\$ 119,525	\$ 93,256
Health Support Program - Fraser Health Authority	19,886	-	12,949	6,937
Practice Support Program	232,002	-	232,002	-
Bundled Services Program - Ministry of Health	261,955	1,245,000	1,436,312	70,643
Leadership Program	30,552	-	30,552	-
	\$ 757,176	\$ 1,245,000	\$ 1,831,340	\$ 170,836

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended December 31, 2023

7. DEFERRED LEASE INDUCEMENT

	2023	2022
Office lease	\$ 29,786	\$ 39,998
Less: current portion	(10,212)	(10,212)
	\$ 19,574	\$ 29,786

In 2019, the Association received six months free rent upon signing the lease for its Burnaby office premise. This inducement was recorded on the statement of financial position and is being amortized on a straight-line basis over the 89 month term of the lease as a reduction of rent expense. During the year, \$10,212 (2022 - \$10,212) was recorded as a reduction of rent expense.

The remaining portion of the deferred lease inducement will be amortized into income as follows:

2024	\$ 10,212
2025	10,212
2026	9,362
	\$ 29,786

8. OTHER INCOME

	2023	2022
Professional Practice and Certified Practice Support	\$ 150,000	\$ 150,000
Engagement	28,000	35,300
Anti Stigma Program reimbursements	12,991	-
Miscellaneous	695	-
Nursing Practice Model Project (BSN)	-	10,650
Nancy Wright Learning Series	-	10,336
	\$ 191,686	\$ 206,286

9. PENSION PLAN

The Association became a member of the Municipal Pension Plan (the "Plan") effective January 1, 2022, a defined benefit pension plan open to eligible employees. Benefits are based on an employee's highest five years of salary, length of service and age at retirement. The Plan provides entitlement to a pension benefit after two years of enrolment. The Plan also provides survivor and disability benefits. At the last actuarial valuation on December 31, 2021, the Plan indicated an actuarial surplus. The actuary does not attribute the net assets or liabilities of the Plan to individual employers.

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements
Year Ended December 31, 2023

10. REMUNERATION OF DIRECTORS, EMPLOYEES AND/OR CONTRACTORS

During the year, the Association paid ten employees (2022 - six) remuneration in excess of \$75,000 for a total of approximately \$987,000 (2022 - \$687,300). The Association paid seven contractors (2022 - five) remuneration in excess of \$75,000 for a total of approximately \$700,000 (2022 - 467,000). The Association does not provide remuneration to its Board of Directors.

11. COMMITMENT

The Association is committed to payments for its Burnaby office premise lease expiring April 29, 2026. The minimum annual lease payments are as follows:

2024	\$	144,267
2025		144,267
2026		48,089
	\$	336,623

12. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform to the presentation adopted in the current year.