

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Financial Statements
Three-Month Period Ended March 31, 2024
(Unaudited)

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT TO THE MEMBERS OF ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

We have reviewed the accompanying financial statements of Association of Nurses and Nurse Practitioners of British Columbia (the "Association") that comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioners perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Association of Nurses and Nurse Practitioners of British Columbia as at March 31, 2024, and the results of its operations and its cash flows for the three-month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The statement of financial position presents audited comparative information as at December 31, 2023 on which we issued an unqualified audit report on June 26, 2024. The statement of operations presents comparative information for the three-month period ended March 31, 2023, which was not audited nor reviewed.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
September 17, 2024

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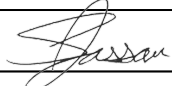
ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Statement of Financial Position (Unaudited)

| | March 31, 2024 | December 31, 2023 |
|---|-------------------|----------------------|
| Assets | | |
| Current | | |
| Cash | \$ 2,716,074 | \$ 2,344,018 |
| Accounts receivable | 106,945 | 137,038 |
| Prepaid expenses | 945 | 13,568 |
| | 2,823,964 | 2,494,624 |
| Capital assets (note 4) | 67,820 | 75,821 |
| Deposit | 12,623 | 12,623 |
| | \$ 2,904,407 | \$ 2,583,068 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (note 5) | \$ 894,527 | \$ 96,593 |
| Deferred revenue (note 6) | 817,148 | 1,528,593 |
| Current portion of deferred lease inducement (note 7) | 10,212 | 10,212 |
| | 1,721,887 | 1,635,398 |
| Deferred lease inducement (note 7) | 17,021 | 19,574 |
| | 1,738,908 | 1,654,972 |
| Net Assets | | |
| Unrestricted | 1,165,499 | 928,096 |
| | \$ 2,904,407 | \$ 2,583,068 |

Commitment (note 11)

Approved on behalf of the Board


 _____ Director

 _____ Director

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Statement of Operations (Unaudited)

| | Three-Month Period Ended March 31, 2024 | Three-Month Period Ended March 31, 2023 |
|--|--|--|
| Revenues | | |
| Ministry and Health Authority contracts | \$ 2,225,755 | \$ 318,000 |
| Membership dues | 395,714 | 394,902 |
| Other income (note 8) | 157,000 | 157,100 |
| Insurance management fees | 108,823 | 108,323 |
| Administrative fees on Ministry contracts | 88,045 | 3,217 |
| Job posting | 3,700 | 4,900 |
| NP restricted fund | - | 134,790 |
| | 2,979,037 | 1,121,232 |
| Expenditures | | |
| Ministry and Health Authority contracts | 2,225,755 | 515,703 |
| Salaries and benefits | 361,549 | 210,279 |
| Facilities (rent) and equipment | 36,863 | 48,651 |
| Consultants/HR expenses | 19,473 | 14,210 |
| Professional practice support | 16,170 | 22,124 |
| Information systems | 14,042 | 5,777 |
| Professional fees - review | 13,500 | - |
| Government relations | 12,600 | 3,382 |
| Insurance and legal support | 9,547 | 6,214 |
| Interest, processing fee and bank charges | 8,760 | 8,828 |
| Office and administration | 5,443 | 6,855 |
| NP restricted | 4,960 | 36,288 |
| Engagement | 2,936 | 21,991 |
| Nursing awards | 1,350 | 15,172 |
| Council governance | 643 | 5,464 |
| General communication | 42 | 572 |
| Board governance | - | 1,211 |
| Amortization | 8,001 | - |
| | 2,741,634 | 922,721 |
| Excess of revenues over expenditures for period | \$ 237,403 | \$ 198,511 |

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

**Statement of Changes in Net Assets
(Unaudited)**

| | Unrestricted | Three-Month Period Ended March 31, 2024 | Year-Ended December 31, 2023 |
|--|--------------|--|------------------------------------|
| Balance, beginning of period | \$ 928,096 | \$ 928,096 | \$ 1,413,919 |
| Excess of revenues over expenditures for the three-month ended March 31 | 237,403 | 237,403 | 198,511 |
| Deficiency of revenues over expenditures for the nine-month period ended December 31, 2023 | - | - | (684,334) |
| Balance, end of period | \$ 1,165,499 | \$ 1,165,499 | \$ 928,096 |

See notes to financial statements

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Statement of Cash Flows (Unaudited)

| | Three-month Period Ended March 31, 2024 | Year-Ended December 31, 2023 |
|--|--|------------------------------------|
| Operating activities | | |
| Excess of revenues over expenditures | \$ 237,403 | \$ 198,511 |
| Deficiency of revenues over expenditures for the nine-month period ended December 31, 2023 | - | (684,334) |
| Items not involving cash | | |
| Amortization of capital assets | 8,001 | 32,001 |
| Amortization of deferred lease inducement | (2,553) | (10,212) |
| | 242,851 | (464,034) |
| Changes in non-cash working capital | | |
| Accounts receivable | 30,093 | (4,025) |
| Prepaid expenses | 12,623 | (12,623) |
| Accounts payable and accrued liabilities | 797,934 | 24,099 |
| Deferred revenue | (711,445) | 1,357,757 |
| Deposit | - | 10,900 |
| | 129,205 | 1,376,108 |
| Inflow of cash | 372,056 | 912,074 |
| Cash, beginning of period | 2,344,018 | 1,431,944 |
| Cash, end of period | \$ 2,716,074 | \$ 2,344,018 |

See notes to financial statements

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements

Three-Month Period Ended March 31

(Unaudited)

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

Three-Month Period Ended March 31

(Unaudited)

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

Three-Month Period Ended March 31

(Unaudited)

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 March 31, 2024, the Association had sufficient current assets to settle its current liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

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

Three-Month Period Ended March 31

(Unaudited)

4. CAPITAL ASSETS

| | March 31, 2024 | | December 31, 2023 | |
|-------------------------|-------------------|-----------------------------|----------------------|-----------|
| | Cost | Accumulated amortization | Net | Net |
| Furniture and equipment | \$ 21,775 | \$ 21,134 | \$ 641 | \$ 1,730 |
| Leasehold improvements | 205,042 | 137,863 | 67,179 | 74,091 |
| | \$ 226,817 | \$ 158,997 | \$ 67,820 | \$ 75,821 |

5. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities are government remittances payable of \$36,649 (December 31, 2023 - \$3,812).

6. DEFERRED REVENUE

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

| | Deferred revenue, January 1, 2024 | Contributions received | Recognized as revenue | Deferred revenue, March 31, 2024 |
|--|--|---------------------------|--------------------------|--|
| Ministry and Health Authority | | | | |
| Contracts | | | | |
| Health Support Program - Vancouver Island Health Authority | \$ 93,256 | \$ - | \$ - | \$ 93,256 |
| Health Support Program - Fraser Health Authority | 6,937 | - | 2,520 | 4,417 |
| Bundled Services Program - Ministry of Health | 703,379 | 1,434,000 | 2,137,379 | - |
| Mental Health & Wellness program | 476,893 | - | 5,546 | 471,347 |
| Indigenous Health program | 248,128 | - | - | 248,128 |
| | \$ 1,528,593 | \$ 1,434,000 | \$ 2,145,445 | \$ 817,148 |

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements

Three-Month Period Ended March 31

(Unaudited)

6. DEFERRED REVENUE — continued

| | Deferred revenue, January 1, 2023 | Contributions received | Recognized as revenue | Deferred revenue, December 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 |

7. DEFERRED LEASE INDUCEMENT

| | March 31, 2024 | December 31, 2023 |
|-----------------------|-------------------|----------------------|
| Office lease | \$ 27,233 | \$ 29,786 |
| Less: current portion | (10,212) | (10,212) |
| | \$ 17,021 | \$ 19,574 |

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 three-month period ended March 31, 2024, \$2,553 (December 31, 2023 - \$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 - April to December | \$ 7,659 |
| 2025 | 10,212 |
| 2026 | 9,362 |
| | \$ 27,233 |

ASSOCIATION OF NURSES AND NURSE PRACTITIONERS OF BRITISH COLUMBIA

Notes to Financial Statements

Three-Month Period Ended March 31

(Unaudited)

8. OTHER INCOME

| | Three-Month Period Ended March 31, 2024 | Three-Month Period Ended March 31, 2023 |
|--|--|--|
| Professional Practice and Certified Practice Support | \$ 150,000 | \$ 150,000 |
| Engagement | 7,000 | 7,000 |
| Miscellaneous | - | 100 |
| | \$ 157,000 | \$ 157,100 |

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.

10. REMUNERATION OF DIRECTORS, EMPLOYEES AND/OR CONTRACTORS

During the three-month period ended March 31, 2024 and 2023, the Association did not pay any employees or contractors in excess of \$75,000. The Association does not provide remuneration to its Board of Directors.

11. COMMITMENTS

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 - April to December | \$ 108,200 |
| 2025 | 144,267 |
| 2026 | 48,089 |
| | \$ 300,556 |