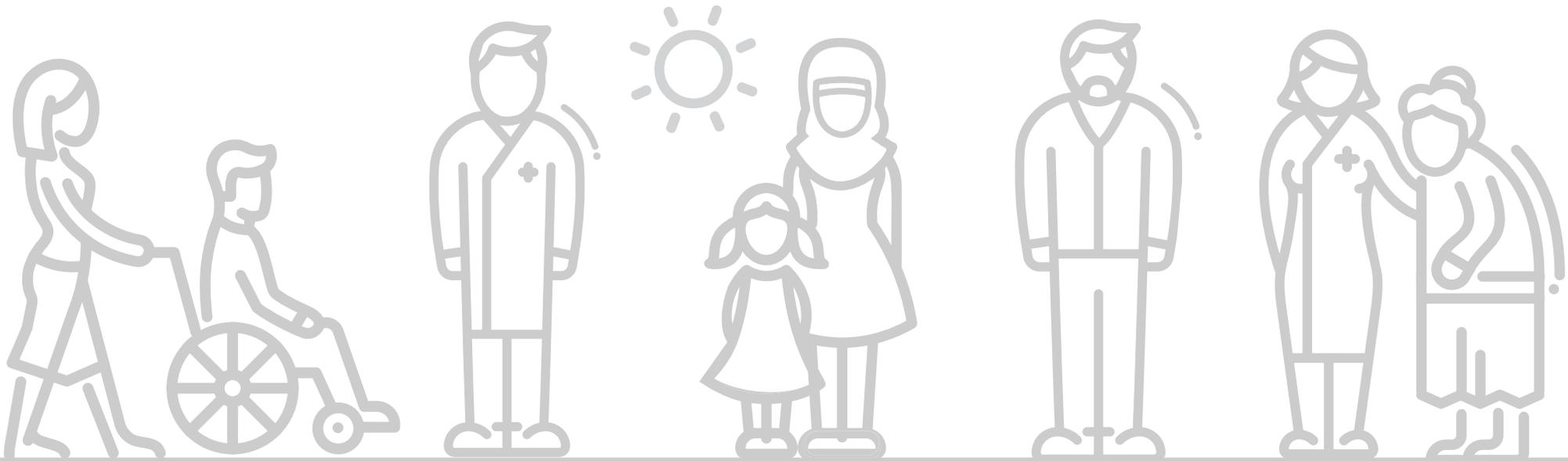




EXCELLENCE FOR ALL

2019 Annual Report



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Welcome to NSCN

We are the Nova Scotia College of Nursing and we ensure the public that all nurses in Nova Scotia have the education and skills to provide safe, competent, ethical and compassionate nursing care.

What do we do?

We register and licence those qualified to practice nursing

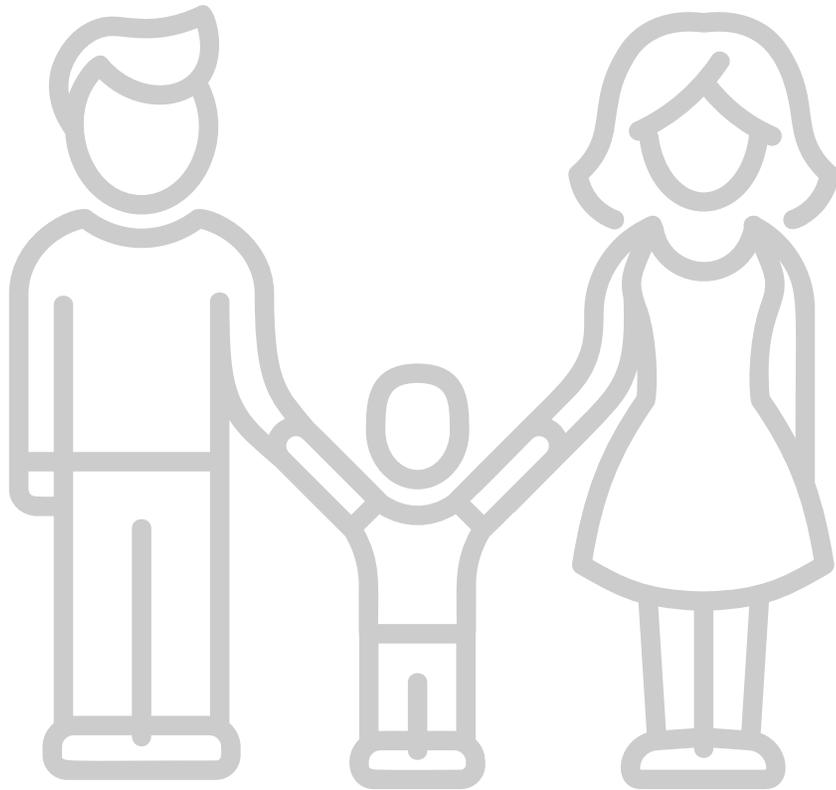
We set the standards for nursing practice

We approve nursing education programs

We intervene to preserve safe nursing practice

Nova Scotia College of Nursing
300-120 Western Parkway, Bedford, NS B4B 0V2
902-444-6726 | 1-833-267-6726
information@nscn.ca

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PURPOSE

We lead to inspire excellence to uphold public confidence.

VISION

To be the leader in regulatory excellence.

MISSION

Protecting the public of Nova Scotia through regulating nursing services by:

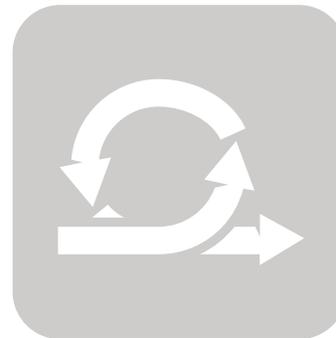
- Setting practice standards;
- Providing registration and licensure;
- Approving education programs;
- Intervening to preserve safe practice; and
- Governing and operating with the highest integrity.

Values



Accountability

- Being courageous and committed to making evidence-informed decisions
- Being accountable and responsible for the decisions we make



Agility

- Anticipating and responding with an open mind
- Fostering a mindset of collaboration, openness and innovation



Transparency

- Engaging in a participatory, collaborative and respectful way
- Disseminating clear, relevant and useful information and guidelines



Relational

- Cultivating and sustaining relationships by being respectful, inclusive, genuine and consistent
- Behaving in a manner that encompasses diversity and reflects professionalism



Integrity

- Being truthful, honest and engaging in respectful dialogue
- Performing all activities in a fair and consistent way, precluding bias against anyone

Nurses in Nova Scotia

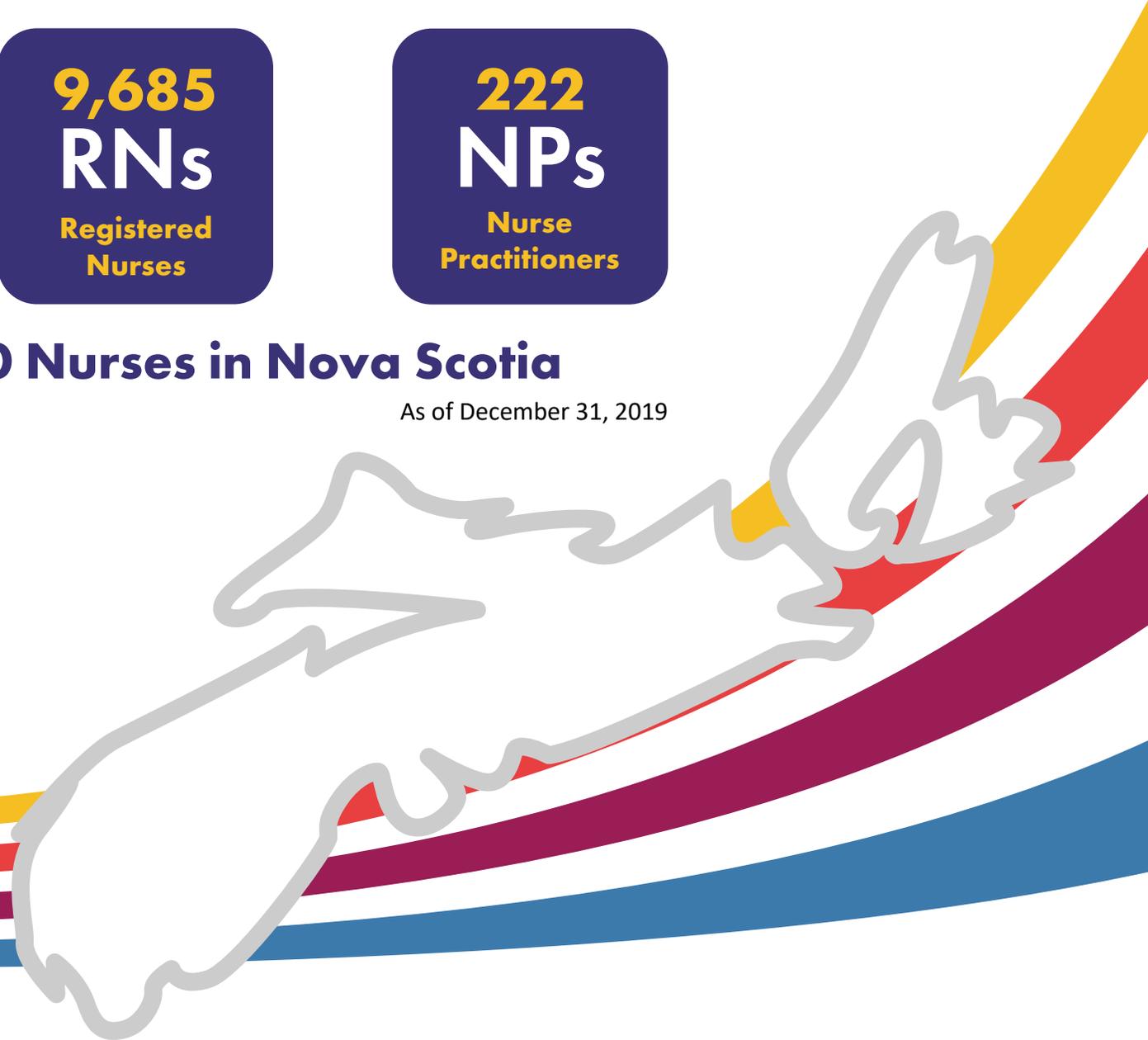
4,325
LPNs
Licensed Practical
Nurses

9,685
RNs
Registered
Nurses

222
NPs
Nurse
Practitioners

Over 14,000 Nurses in Nova Scotia

As of December 31, 2019



Message from Board Chair and CEO

This past year was certainly a year for the record books as we made nursing history in Nova Scotia by establishing the Nova Scotia College of Nursing (NSCN) as the one nursing regulator for all nurses in Nova Scotia – LPNs, RNs and NPs. When we set out on our journey to create NSCN, we had one goal in mind: to enhance the work we do on behalf of the public. We are proud of all we have accomplished since the Nursing Act was proclaimed by government on June 4, 2019.

This report, which we proudly share with all of you, captures some of the highlights of our first six months as a regulator from June 4, 2019 to December 31, 2019. Much of the work undertaken during those six months was foundational, building our new organization to best serve and protect the Nova Scotian public and to provide guidance to over 14,000 nurses to provide safe, competent, ethical and compassionate care. None of this work would have been possible without our stakeholders whose feedback and input through consultation has helped shape NSCN. From the creation of our new innovative Nursing Act to the values we uphold as an organization, our stakeholders have played – and will continue to play - a crucial role in who we are.

An important piece of this foundational work was the creation of our three-year strategic plan, which establishes clear goals and objectives for our future and our plans to achieve them. We asked what you think a successful regulator of the future needs to embrace and you told us. The feedback from our stakeholders helped us create our strategic objectives of Effective, Transparent and Accountable Regulation, which are our foundation and reason for being. Through these objectives, diversity, inclusion and cultural competence have been identified as immediate priorities. We are committed to this work, ensuring we are truly fulfilling our mandate on behalf of the Nova Scotia public.



Dr. Charmaine McPherson, RN, PhD
Board Chair



Sue Smith, RN, BN, MAOL
Chief Executive Officer and Registrar

Your feedback also helped us develop organizational values we live everyday. These values - accountability, transparency, integrity, agility and relational - form the basis of who we are and with the public of Nova Scotia at the heart of all we do.

The inclusion of all nursing designations under one regulator is an innovative approach in Canada and one that has been widely recognized nationally and internationally. The COVID-19 pandemic has shown the real-world benefits of this work, having enabled us to be nimble as we navigated these unprecedented times, helping us to better protect the public and provide guidance to all nurses in their practice. We recognize how extraordinary a time it has been for all Nova Scotians, including those nurses across the province who have been on the front lines of this pandemic.

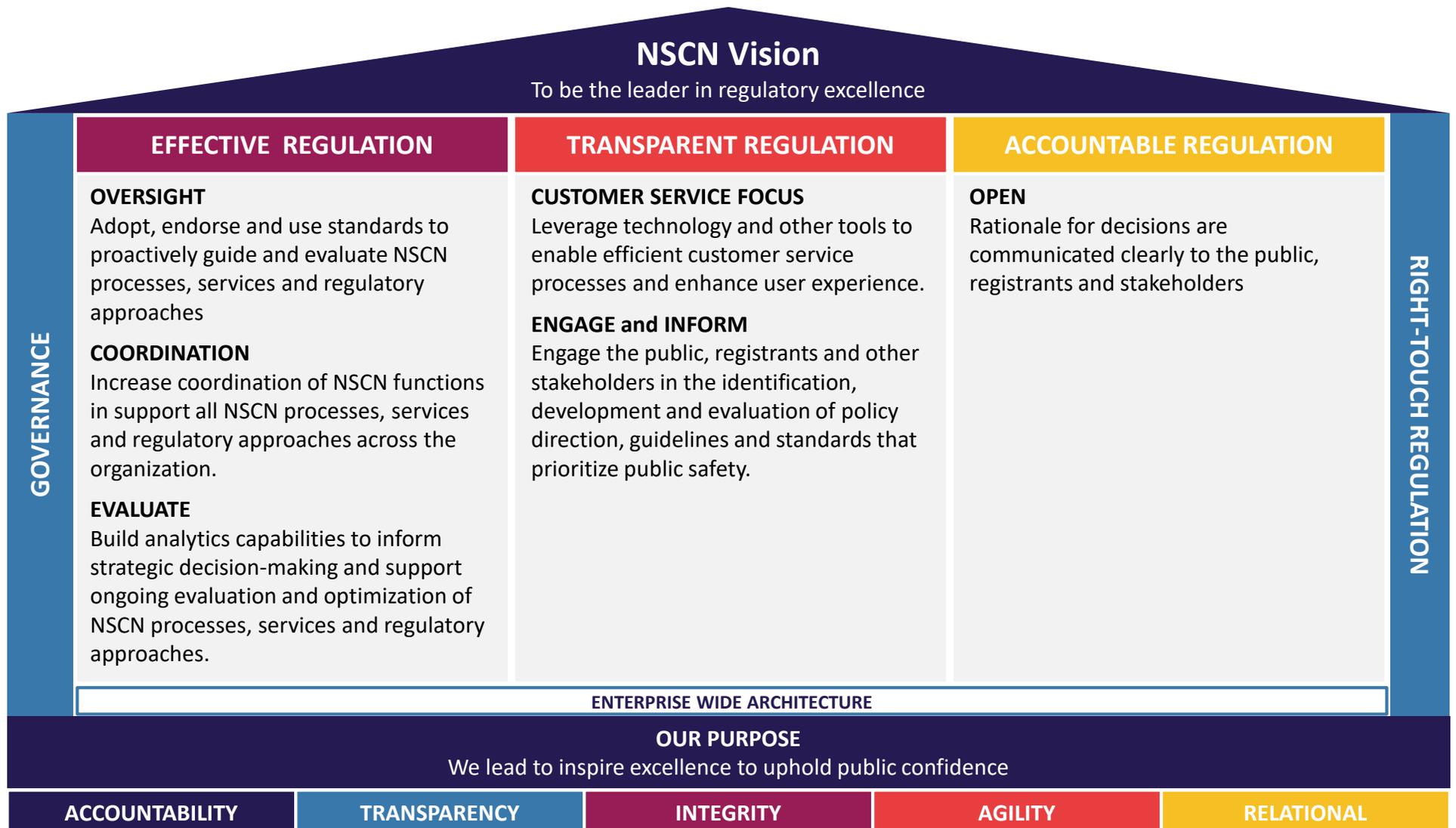
On behalf of Board and staff, we want to thank you all for your ongoing commitment to the work we do on behalf of the public we serve to ensure Nova Scotians receive safe, competent, ethical and compassionate nursing care.

Sincerely,

A handwritten signature in black ink, appearing to be 'Charmaine McPherson'.

A handwritten signature in black ink, appearing to be 'Sue Smith'.

NSCN Strategic Plan



Welcome to the NSCN Strategic Plan

As a new organization, we spent our first six months of operations building a solid foundation that will successfully enable us to serve the public of Nova Scotia long into the future.

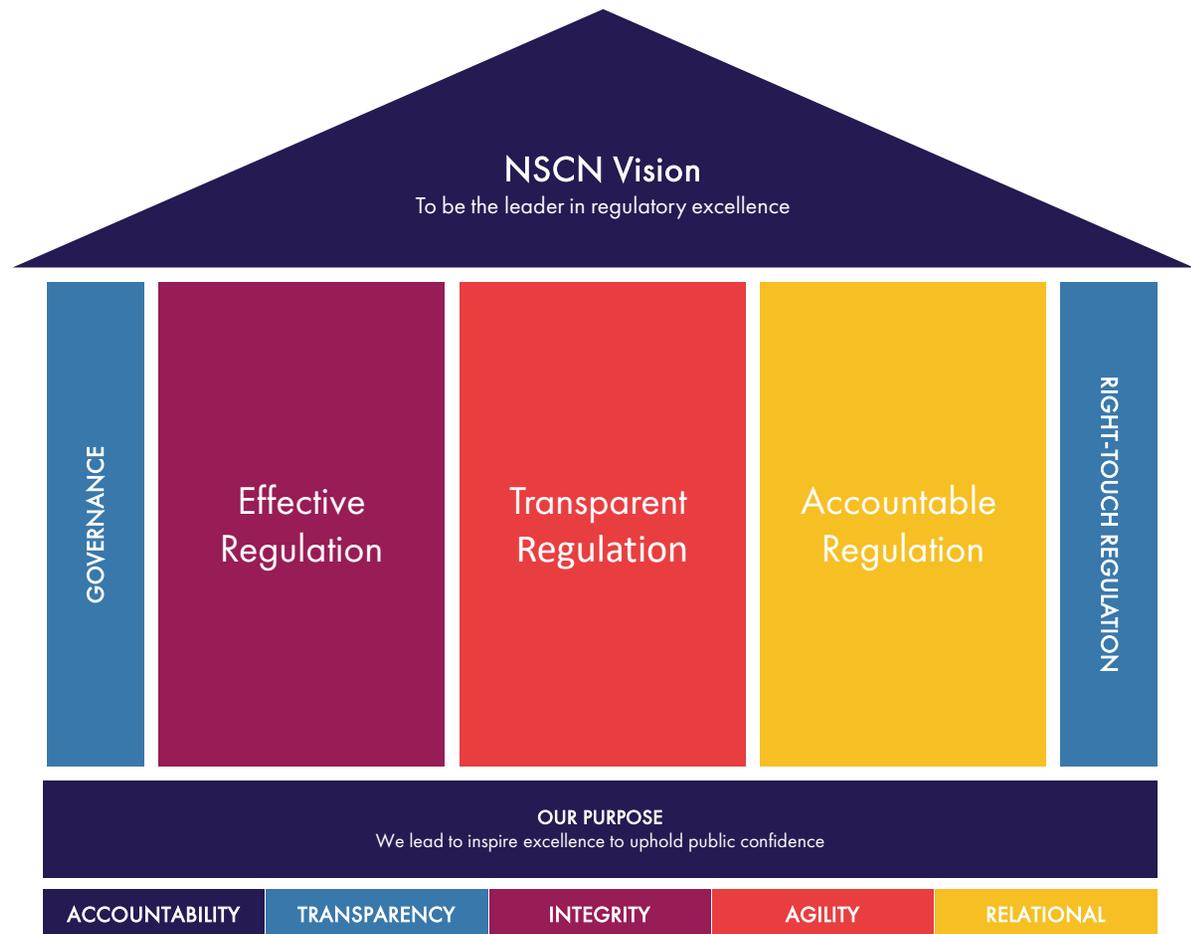
Our three-year strategic plan defines our vision for the future. It outlines who we are and it guides us in our mandate of protecting the public of Nova Scotia by prioritizing the work we do to ensure nurses provide safe, competent, compassionate and ethical care to the public.

The direction, focus and energy to accomplish our goals on behalf of Nova Scotians are rooted in **our foundation** – our purpose and values that set the stage for the work we do as NSCN.

We operationalize our reason for being through our **structure** – rigorous governance of our operations and using ‘right-touch regulation’ to find new and innovative ways of using the right amount of regulation with those impacted by nursing regulation.

Our foundation and structure make way for the creation of **our three strategic objectives** - Effective, Transparent and Accountable Regulation, which reflect our priorities as a new regulator for the next three years.

Leading the way, as our north star, is our NSCN vision to be the leader in regulatory excellence.



Our Three Strategic Objectives

Effective Regulation

We create clear standards, policies and expectations in order to regulate nursing services provided to Nova Scotians. The public can be confident that we will act appropriately and efficiently when nursing practice is unacceptable.

Transparent Regulation

We provide relevant, credible, accurate, timely and accessible information that enhances the public's ability to make decisions, improves public protection and safety and enhances the public's trust in NSCN.

Accountable Regulation

We have fair, consistent and evidence-informed processes where justification for decisions are provided and feedback is welcomed.

Here are just some of the highlights from NSCN's first six months of operations as a new nursing regulator for all nurses in Nova Scotia.



Objective 1: Effective Regulation

OVERSIGHT - Adopting, endorsing and using standards to proactively guide and evaluate NSCN processes, services and regulatory approaches

Adopted Policy Governance Model

As a new organization, it was of critical importance to establish the first NSCN Board as our governing body and the oversight structure required of a new Board. At the onset, the NSCN Board adopted a policy governance approach and established Board policies that set the roles and responsibilities for the Board and staff. This approach gives the Board a framework to monitor and evaluate the performance of NSCN and to identify measures of success. Making the Board policies available to all stakeholders via the NSCN website allows the Board to enhance its accountabilities to stakeholders.

Adapted Professional Standards Authority – The Standards of Good Regulation

As part of the work to create NSCN, we adapted and followed the Professional Standards Authority – Standards for Good Regulation. The accountability to meet these established standards enables NSCN to develop good practice as a nursing regulator on behalf of the public and to evaluate the performance of NSCN. The organization will continue to integrate this approach as a foundation of our processes, services and regulatory approaches.

COORDINATION - Increasing coordination of NSCN functions in support of all NSCN processes, services and regulatory approaches across the organization.



Creation of Practice Support Tools and Services Inclusive of All Nurses

As the one regulator for all nursing designations, it is important that the services and supports provided by NSCN are inclusive of all nursing designations - licensed practical nurses (LPNs), registered nurses (RNs) and nurse practitioners (NPs). Much of the foundational work in 2019 to provide guidance to nurses on the provision of safe, competent, ethical and compassionate nursing services required creating a consistent and holistic approach to practice supports tools and services.

Re-designed NSCN's Organizational Structure

In order to meet the needs of stakeholders and to enhance operations and on behalf of Nova Scotians, it was necessary to re-design the structure of the organization for efficiencies and effectiveness. This restructuring allowed for workforce planning that better advances NSCN goals and objectives that oversee the protection of the public through nursing regulation. The new organizational structure better enables staff to evaluate existing processes and to make changes for improvement.

EVALUATE - Building analytics capabilities to inform strategic decision-making and support, ongoing evaluation and optimization of NSCN processes, services and regulatory approaches.

Development of Measurements

In 2019, NSCN began the process of identifying key performance indicators as a new organization and the measures that will best evaluate the achievement of and alignment with the strategic plan. The plan for ongoing development of operational metrics allow NSCN to analyze, monitor, evaluate and measure progress and risks requiring mitigation. We will build evaluation into every project we undertake to better assess areas of strength and areas for improvement in our regulatory work.

Objective 2: Transparent Regulation

CUSTOMER SERVICE FOCUS - Leveraging technology and other tools to enable efficient customer service processes and enhance user experience

Development of a Customer Experience Strategy

As a new regulator, the NSCN Board and staff are committed to enhancing how the public, registrants and other stakeholders experience NSCN. One way NSCN demonstrated this last year was with the development of a customer experience strategy that included the creation of a dedicated Customer Experience Coordinator. The result is a rapid response process for stakeholders at the first point of contact, piloting an online chat tool and a plan for a Customer Service Training Program for all employees.

Introduction of Social Media Platforms

This past year, NSCN focused on leveraging social media platforms in ways that allow stakeholders to receive valuable information that supports the provision of safe, competent, ethical and compassionate nursing services to the public. Social media tools also enable greater opportunities for engagement and interaction with stakeholders by the creation of an online community that enhances user experience. NSCN is committed to enabling all stakeholders the opportunity for easy access to information and processes.

ENGAGE and INFORM - Engaging the public, registrants and other stakeholders in the identification, development and evaluation of policy direction, guidelines and standards that prioritize public safety

Prioritization of Diversity, Inclusion, Cultural Competence

It is important to the NSCN Board and staff that we create and foster respectful environments where diverse voices including black, Indigenous and persons of colour are sought, heard and incorporated in meaningful ways as an employer and as a nursing regulator. In NSCN's first six months of operations, diversity, inclusion and cultural competence were identified and embedded in NSCN's first strategic plan, with an ongoing commitment to continue to prioritize this work to effect positive change reflective of all stakeholders.

Greater Opportunities for Engagement and Communication

The road to the creation of NSCN was shaped by the feedback and perspectives provided by stakeholders. The first six months of NSCN's operations focused on continuing to seek new opportunities for stakeholder participation. This included last year's launch of nscn.ca and the new NSCN newsletter, both designed to enhance online occasions to engage with the public, nurses and other stakeholders. The Board and staff of NSCN were pleased to host the first-ever Open House, inviting members of the community to celebrate the creation of NSCN and to learn more about ongoing plans to safeguard the public by ensuring all nurses provide safe, competent, ethical and compassionate care to Nova Scotians.



Objective 3: Accountable Regulation

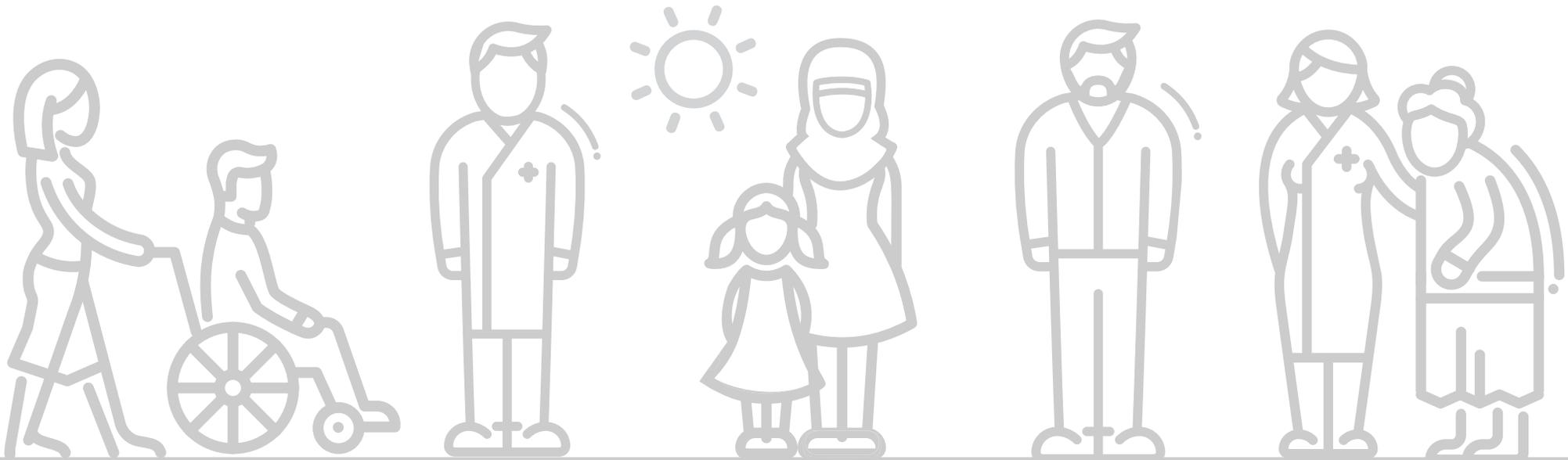
OPEN - Clearly communicating rationale for decisions to the public, registrants and stakeholders.

Implemented a New Public Consultation Process

As an accountable regulator, it is important to clearly share reasoning and logic for NSCN decisions and to be accountable for decisions made. In 2019, NSCN leveraged the capacity of nscn.ca as the organization's clear and state-of-the-art website that is accessible to all. One example of enhanced accountability is the website consultation process with all stakeholders, including the public and nurses, that considers all perspectives and factors as part of the decision-making process. Once feedback has been gathered, an overview of the consultation is shared on nscn.ca, including details about the response received, how feedback has been incorporated and what stakeholders can expect next. This represents one important way stakeholders can expect to experience NSCN's commitment to accountable regulation.

Board Approved Public-Linkage Plan

The public of Nova Scotia is at the heart of NSCN. In 2019, the NSCN Board approved a three-year plan that allows for purposeful connection with the public. The plan involves linking with Nova Scotians in purposeful ways and developing policies that incorporate feedback and are reflective of the public. The first step of the plan involves educating members of the public and welcoming and encouraging the public's active participation to enhance regulation of the nursing profession.



As the successor regulator to the legacy Colleges, NSCN is including the final auditors' reports from the College of Licensed Practical Nurses of Nova Scotia (CLPNNS) and the College of Registered Nurses of Nova Scotia (CRNNS) for the years ending June 3, 2019. These reports openly demonstrate the flow of funds from the legacy organizations to NSCN. The 2017/2018 CLPNNS auditor's report is also included as it was not completed in time to be included in the 2018 CLPNNS Annual Report.



Financial Statements

Nova Scotia College of Nursing

December 31, 2019

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Independent auditor's report

To the members of
Nova Scotia College of Nursing

Opinion

We have audited the financial statements of the Nova Scotia College of Nursing ("NSCN"), which comprise the statement of financial position as at December 31 2019, and the statements of operations, changes in net assets and cash flows for the period of June 4, 2019 to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NSCN as at December 31, 2019, and its results of its operations and its cash flows for the period of June 4, 2019 to December 31, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of NSCN 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 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.

In preparing the financial statements, management is responsible for assessing NSCN'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 NSCN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NSCN'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 NSCN'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 NSCN'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 NSCN 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.

Grant Thornton LLP

Chartered Professional Accountants

Halifax, Canada
July 27, 2020

Nova Scotia College of Nursing

Statement of operations

Period of June 4, 2019 to December 31

2019

Revenues

Membership	\$ 4,180,878
Investment income (Note 3)	127,314
Other	<u>53,685</u>
	<u>4,361,877</u>

Expenditures

Administrative	334,346
Legislated services	2,408,771
Member services	1,154,019
Premises	322,264
Amortization	<u>65,701</u>
	<u>4,285,101</u>

Excess of revenues over expenditures	\$ <u>76,776</u>
--------------------------------------	-------------------------

Nova Scotia College of Nursing

Statement of financial position

As at December 31

2019

Assets

Current

Cash and cash equivalents	\$ 37,477
Short term investments (Note 4)	1,634,186
Receivables	101,960
Prepays	<u>120,907</u>
	1,894,530

Long term investments (Note 4)	6,898,460
Property and equipment (Note 5)	<u>480,573</u>
	\$ <u>9,273,563</u>

Liabilities

Current

Payables and accruals (Note 6)	\$ 394,177
Deferred revenue	<u>5,077,393</u>
	5,471,570

Deferred lease incentive	58,756
Retirement benefits (Note 7)	<u>523,517</u>
	<u>6,053,843</u>

Net assets

Net investment in property and equipment	480,573
Net investment in liquidity reserve	544,272
Continuing education trust fund	54,796
Unrestricted	<u>2,140,079</u>
	<u>3,219,720</u>
	\$ <u>9,273,563</u>

Commitments (Note 8)
Subsequent events (Note 12)

On behalf of the Board



Chair



CEO & Registrar

Nova Scotia College of Nursing

Statement of changes in net assets

Period of June 4, 2019 to December 31

	Investment in property and equipment	Investment in liquidity reserve	Unrestricted	Continuing education trust fund	2019 Total
Net assets, beginning of period	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers from legacy entities (Note 13)	526,715	-	2,561,433	54,796	3,142,944
Deficiency of revenues over expenditures	(65,701)	-	142,477	-	76,776
Purchase of property and equipment	19,559	-	(19,559)	-	-
Transfers to liquidity reserve	-	544,272	(544,272)	-	-
Net assets, end of period	<u>\$ 480,573</u>	<u>\$ 544,272</u>	<u>\$ 2,140,079</u>	<u>\$ 54,796</u>	<u>\$ 3,219,720</u>

Nova Scotia College of Nursing

Statement of cash flows

Period of June 4, 2019 to December 31

2019

Increase (decrease) in cash and cash equivalents

Operating

Deficiency of revenues over expenditures	\$	76,776
Amortization		65,701
Decrease in deferred lease incentive		(3,459)
Unrealized gain on investments		(14,523)
Decrease in retirement benefits liability		<u>(8,576)</u>
		115,919

Change in non-cash operating working capital (Note 9)		<u>2,068,614</u>
		<u>2,184,533</u>

Investing

Purchase of property and equipment, net		(19,559)
Acquisition of investments, net		(2,933,949)
Transfer of cash from legacy entities (Note 13)		<u>806,452</u>
		<u>(2,147,056)</u>

Net increase in cash and cash equivalents 37,477

Cash and cash equivalents

Beginning of period		<u>-</u>
End of period	\$	<u>37,477</u>

Nova Scotia College of Nursing

Notes to the financial statements

December 31, 2019

1. Nature of operations and dissolution of operations

The Nova Scotia College of Nursing ("NSCN") is the professional regulatory body for registered nurses, nurse practitioners and licensed practical nurses licensed to practice in Nova Scotia. NSCN is a non-profit organization exempt from tax under paragraph 149(1)(L) of the Income Tax Act and, therefore, is not required to pay 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"). The significant accounting policies are detailed as follows:

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting. This method ensures observance of restrictions, if any, on the use of the resources by maintaining separate accounts for each fund. Funds that have limitations placed on their use by internal or external parties are classified as restricted.

The following provides a brief description of each fund group:

The **continuing education trust fund** represents a restricted amount to be held separately in guaranteed investments. The interest from the investments is to be used for the advancement of the educational interests of the profession.

The **unrestricted** fund is for general operating funds.

The **net investment in liquidity reserve** represents an estimate of one month of operating expenditures net of non-cash and externally funded expenditures allocated to fund a future wind-down or contingencies.

The **net investment in property and equipment** is the balance in capital assets less associated amortization.

Financial instruments

Initial measurement

NSCN's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred. Financial instruments consist of cash and cash equivalents, receivables, short term and long term investments, payables and accruals and deferred revenue.

Nova Scotia College of Nursing

Notes to the financial statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, NSCN measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments held, which are measured at fair value. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals and deferred revenue.

For financial assets measured at cost or amortized cost, NSCN regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and NSCN determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

NSCN's main financial instrument risk exposure is detailed as follows:

Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to NSCN. NSCN's credit risk is primarily attributable to receivables. Receivables are managed by closely monitoring delinquent contributors and ensuring that any late payments or deviations are investigated.

Liquidity risk

Liquidity risk is the risk that NSCN will not be able to pay financial instrument liabilities as they come due. NSCN's liquidity risk from financial instruments is its need to meet operating requirements for payables and accruals. The majority of assets held by NSCN are invested in securities that can be readily disposed of as liquidity needs arise.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, NSCN segregates market risk into three categories: interest rate risk, currency risk and other price risk. NSCN is not exposed to significant currency or other price risk.

Interest rate risk

NSCN is exposed to interest rate risk through the cash and interest bearing investments held. NSCN manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income. The investments held as of December 31, 2019 are invested in guaranteed investment certificates, money market funds, medium term investments, long term investments, fixed income mutual funds, principal protected notes, fixed income mutual funds, Canadian common shares & equivalents and Canadian equity mutual funds with fixed interest rates ranging from 1.64% - 3.75% with maturity dates between January 2020 to June 2027. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on NSCN's operations.

Nova Scotia College of Nursing

Notes to the financial statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Investments

Investments are measured at fair market value at the date of the statement of financial position.

Property and equipment

Property and equipment is recorded at its original cost and subsequently measured at cost less accumulated amortization. Property and equipment is amortized over its estimated useful life. Management reviews estimates of the useful lives of property and equipment and adjusts the estimates as required. When a capital asset no longer contributes to NSCN's ability to provide services, its carrying amount is written down to its residual value. Management regularly reviews assets for impairment and adjusts as necessary.

Property and equipment is amortized over the estimated useful life of the asset using the methods and rates as follows:

Furniture and fixtures	20%	declining balance
Leasehold improvements	straight line	over lease term
Computer equipment	40%	declining balance
Computer software	40%	declining balance

Deferred revenue

All membership fees collected as at period end which relate to future fiscal periods are recorded as deferred revenue.

Employee future benefits

NSCN has a number of defined benefit plans that provide benefits to its employees. These include: the post-retirement health subsidy benefit, retirement allowance and participation in Nova Scotia Health Employees' Pension Plan.

NSCN accounts for the post-retirement health subsidy benefit and the retirement allowance using the immediate recognition approach. These plans are unfunded. The cost of pension benefits earned by employees are actuarially determined using the projected benefit method.

NSCN accounts for participation in the multi-employer Nova Scotia Health Employees' Pension Plan as a defined contribution plan. NSCN is not obligated for any unfunded liability, nor does NSCN have entitlement to any surplus that may arise in the plan. Contributions to this plan are required by both employees and NSCN. Total contributions made by NSCN during the period were \$211,801 and are recognized as an expense in the period.

Nova Scotia College of Nursing

Notes to the financial statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Revenues

NSCN follows the deferral method of accounting for contribution revenues

Membership fees

Revenue from membership fees is recognized on an accrual basis as the related services are provided.

Investment income

Investment income consists of interest income, dividend income and realized and unrealized gains on investments. Interest income is recognized on an accrual basis.

Realized gains or losses on sale of investments are the difference between the proceeds received and the cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

Other income

Income related to projects and professional developments are recognized as the related services are provided.

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Items subject to significant management estimates include useful lives of capital assets and the fair market value of investments.

Allocation of expenses

NSCN allocates its finance and human resources support expenses across administrative, legislative and member services. These allocations are determined annually based on the estimated amount of time the individuals within these support areas are working in each functional area. The amount allocated to each functional area is listed in note 11.

Nova Scotia College of Nursing

Notes to the financial statements

December 31, 2019

3. Investment income

	<u>2019</u>
Interest	\$ 73,683
Dividends	39,108
Unrealized gain	<u>14,523</u>
Investment income	<u>\$ 127,314</u>

4. Investments

	<u>2019</u>
Total investments	\$ 8,532,646
Less: Investments maturing within the next year	<u>(1,634,186)</u>
Long term investments	<u>\$ 6,898,460</u>

5. Property and equipment

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2019 Net book value</u>
Furniture and fixtures	\$ 250,372	\$ 28,947	\$ 221,425
Leasehold improvements	180,232	7,696	172,536
Computer equipment	78,773	20,527	58,246
Computer software	<u>36,898</u>	<u>8,532</u>	<u>28,366</u>
	<u>\$ 546,275</u>	<u>\$ 65,702</u>	<u>\$ 480,573</u>

6. Payables and accruals

	<u>2019</u>
Trade	\$ 196,113
Miscellaneous	152,379
Government remittances	<u>45,685</u>
	<u>\$ 394,177</u>

Nova Scotia College of Nursing

Notes to the financial statements

December 31, 2019

7. Retirement benefits

Post-retirement health subsidy benefit

Retirees are eligible to apply for continuation of their Health Association of Nova Scotia ("HANS") extended health plan. NSCN shall pay 65% of an eligible retiree's HANS monthly premiums for medical and personal basic life insurance until the retiree reaches their 65th birthday. Such reimbursement shall be contingent upon the retiree having a minimum of 10 continuous years of service with NSCN, retiring after age 60, and being accepted in the HANS Retiree Health Plan. These age and service eligibility requirements are waived for the Chief Executive Officer of NSCN. The most recent accounting actuarial valuation of this plan was as of December 31, 2019.

Retirement allowance

Employees retiring after the age of 60 and who have been employed by NSCN for a minimum of ten continuous years are eligible to receive a retirement allowance. The allowance is equal to one week's pay for each year of full-time service, to a maximum of 30 weeks. If an eligible employee dies while actively employed, the retiring allowance will be paid to the employee's beneficiary or estate. No allowance is paid to a member who terminates employment prior to eligibility for benefits. The most recent accounting actuarial valuation of this plan was as of December 31, 2019.

Information pertaining to NSCN's defined benefit plans is as follows:

Defined benefit obligation	<u>2019</u>
Post-retirement health subsidy benefit	\$ 88,329
Retirement allowance	<u>435,188</u>
Total	\$ <u>523,517</u>

The defined benefit costs recognized during the period are as follows:

	Retirement Allowance <u>2019</u>	Post-Retirement <u>2019</u>
Employer current service cost	\$ 28,497	\$ 6,887
Finance cost	<u>7,555</u>	<u>1,491</u>
Defined benefit cost	<u>36,052</u>	<u>8,378</u>
Remeasurements and other items	\$ <u>(3,868)</u>	\$ <u>(898)</u>

Actuarial assumptions used in measuring the benefit cost and accrued benefit obligations include the following:

	Retirement Allowance <u>2019</u>	Post-Retirement <u>2019</u>
Discount rate for benefit expense	3.00 %	3.00 %
Rate of compensation increase for benefit expense	3.25 %	3.25 %
Health care inflation	-	4.50 %

Nova Scotia College of Nursing

Notes to the financial statements

December 31, 2019

8. Commitments

NSCN has entered into various lease agreements for premises and equipment. Minimum payments required over the next 5 years for the base rent of premises lease and equipment leases are as follows:

2020	\$ 469,966
2021	465,261
2022	462,790
2023	460,533
2024	463,328

9. Supplemental cash flow information

	<u>2019</u>
Change in non-cash operating working capital	
Receivables	\$ 466,618
Prepays	211,249
Payables and accruals	(710,922)
Deferred revenue	<u>2,101,669</u>
	<u>\$ 2,068,614</u>

10. Government contributions

During the period, NSCN received government contributions as follows:

	<u>2019</u>
Nova Scotia Department of Health - Nursing School Transcripts	\$ 14,400
Deferred contributions, beginning of period	11,880
Deferred contributions, end of period	<u>3,600</u>
Government contributions earned during the period	<u>\$ 22,680</u>

Of the total government contributions earned during the period, \$22,680 is recognized in membership revenue.

Nova Scotia College of Nursing

Notes to the financial statements

December 31, 2019

11. Allocation of administrative expenditures

	Member <u>services</u>	Legislated <u>services</u>	Administration	Total 2019
Finance and human resources	\$ <u>334,346</u>	\$ <u>334,346</u>	\$ <u>334,346</u>	\$ <u>1,003,038</u>

12. Subsequent events

Since December 31, 2019, the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness.

The pandemic has had minimal effect on NSCN. Revenue has not been impacted due to the nature of the business; licensing nurses. The Department of Health and Wellness (DHW) and NSCN have been working together to ensure qualified nurses are in place to support the health system. "Special event" licensing is in place and the DHW is reimbursing the college for the liability insurance portion of this licence.

NSCN's investment portfolio had a significant decrease in March 2020. However, due to conservative nature of investments, the performance increased in subsequent months and there has not been a material change in the investment balance as reported in the December 31, 2019 financial statements to the date these financial statements have been approved.

13. Creation of Nova Scotia College of Nursing

Effective June 4, 2019, as a result of the proclamation of a new Nursing Act, the Nova Scotia College of Nursing was created as the former two entities; the College of Registered Nurses of Nova Scotia and the College of Licensed Practical Nurses of Nova Scotia dissolved. The purpose of the creation of NSCN is to create one single regulatory body for the profession of nursing that would enhance the work done on behalf of the public. Having one nursing regulator helps streamline processes, allows for more flexibility and reduces redundancy of regulating all nursing professions.

Effective, June 4, all balances of the former entities were transferred in to NSCN. The following is a summary of balances transferred into Nova Scotia College of Nursing:

	June 4, 2019
Assets	
Cash	\$ 806,452
Receivables	568,578
Prepays	332,156
Investments	5,584,174
Property and equipment	<u>526,715</u>
	<u>\$ 7,818,075</u>
Liabilities	
Payables and accruals	\$ 1,105,099
Deferred revenue	2,975,724
Deferred lease incentive	62,215
Retirement benefits	<u>532,093</u>
	<u>\$ 4,675,131</u>
Net assets	<u>\$ 3,142,944</u>

Financial statements of
College of Licensed Practical Nurses
of Nova Scotia

June 3, 2019

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Independent Auditor's Report

To the Directors of
College of Licensed Practical Nurses of Nova Scotia

Opinion

We have audited the financial statements of College of Licensed Practical Nurses of Nova Scotia (the "Company"), which comprise the balance sheet as at June 3, 2019, and the Statement of Operations – Unrestricted Fund, Statement of Changes in Net Assets and cash flows for the 215 day period then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 3, 2019, and the results of its operations and its cash flows for the 215 day period then ended in accordance with Canadian accounting standards for private enterprises ("ASPE").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 ASPE, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process, see Note 1 to the financial statements.

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 GAAS 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 GAAS, 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 Company'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 Company'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 Company 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.

Deloitte LLP

Chartered Professional Accountants
August 26, 2020

College of Licensed Practical Nurses of Nova Scotia**Statement of Operations – Unrestricted Fund**

215 day period ended June 3, 2019, with comparative figures for the year ended October 31, 2018

	2019	2018
	\$	\$
Revenues		
Registration	835,405	1,449,005
Examination	68,100	97,400
Investment income	32,172	13,071
Arrears, penalties and transcripts	12,180	57,050
Workshops and miscellaneous	1,468	15,943
Reimbursement	9,300	—
Loss on investments	(10,451)	(36,124)
IEN grants	33,857	122,810
IEN tutorial grant	19,434	21,616
	1,001,465	1,740,771
Operating expenses		
Advertising and promotion	34,329	8,708
Amortization	31,720	15,387
Bank charges	4,551	44,936
Communications and printing	312	6,695
Contract services	31,145	48,183
Dues and fees	24,777	38,294
Employee benefits	81,817	133,094
Examination and invigilation	9,910	85,386
IEN tutorial project	5,969	19,697
IEN poster project	—	201
Insurance	14,402	32,130
Investment management fees	3,036	4,912
Loss on disposal of capital assets	28,684	—
Legal fees	203,076	52,353
Meetings - Board	67,998	89,967
Meetings - other, including workshops	10,209	44,408
Occupancy	93,295	111,692
Office	59,591	82,650
Postage and equipment rental	6,536	9,868
Practical nurse program approval	26,332	—
Professional development	7,305	20,117
Professional fees	142,051	27,511
Salaries and IEN consultant costs	484,127	808,231
Telephone	7,546	24,573
Travel	24,187	51,321
	1,402,905	1,760,314
Excess of expenses over revenues	(401,440)	(19,543)

The accompanying notes are an integral part of the consolidated financial statements.

College of Licensed Practical Nurses of Nova Scotia

Statement of changes in net assets

215 day period ended June 3, 2019, with comparative figures for the year ended October 31, 2018

	Unrestricted Fund \$	Continuing Education Trust Fund (Note 6) \$	Internally Restricted - One Nursing Regulatory Body Fund (Note 7) \$	2019 \$	2018 \$
Net assets, beginning of year	787,132	54,796	—	841,928	1,553,411
Interfund transfer	(261,926)	—	261,926	—	—
Excess (deficiency) of revenues over expenses	(401,440)	—	(261,926)	(663,366)	(711,483)
Net assets, end of year	123,766	54,796	—	178,562	841,928

The accompanying notes are an integral part of the consolidated financial statements.

College of Licensed Practical Nurses of Nova Scotia

Balance sheet

As at June 3, 2019, with comparative figures as at October 31, 2018

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		354,791	1,144,014
Accounts receivable		20,955	45,093
Prepays		15,019	50,474
Investments	3	238,833	218,694
		629,598	1,458,275
Investments	3	457,115	960,519
Capital assets	4	241,111	48,198
		1,327,824	2,466,992
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		441,547	119,105
Deferred registration and examination fees		644,553	1,382,312
		1,086,100	1,501,417
Employee future benefits	5	63,162	123,647
		1,149,262	1,625,064
Net assets			
Externally restricted - Continuing Education Trust Fund	6	54,796	54,796
Internally restricted	7	—	—
Unrestricted		123,766	787,132
		178,562	841,928
		1,327,824	2,466,992
Commitment	8		

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

 , Chairperson, Nova Scotia College of Nursing

 , CEO and Registrar, Nova Scotia College of Nursing

College of Licensed Practical Nurses of Nova Scotia**Consolidated statement of cash flows**

215 day period ended June 3, 2019, with comparative figures for the year ended October 31, 2018

	2019	2018
	\$	\$
Cash provided by (use in):		
Operating activities		
Excess of revenues over expenses	(401,440)	(19,543)
Items not affecting cash:		
Amortization	31,720	15,387
Loss on disposal of capital assets	28,684	—
Employee future benefits	(60,485)	9,205
	(401,521)	5,049
Changes in non-cash working capital items		
Accounts receivable	24,138	(28,840)
Inventory	—	1,971
Prepays	35,455	(34,503)
Accounts payable and accrued liabilities	322,442	63,741
Deferred registration and examination fees	(737,759)	53,847
	(757,245)	61,265
Investing activities		
Acquisition of capital assets	(253,317)	—
Proceeds on disposal of investments	483,265	277,490
Change in internally restricted - One Nursing Regulatory Body Fund	(261,926)	(691,940)
	(31,978)	(414,450)
Change in cash	(789,223)	(353,185)
Cash, beginning of year	1,144,014	1,497,199
Cash, end of year	354,791	1,144,014

The accompanying notes are an integral part of the consolidated financial statements.

College of Licensed Practical Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

1. Current and future operations

College of Licensed Practical Nurses of Nova Scotia ("the College") is a not-for-profit organization incorporated under the Licensed Practical Nurses Act of the Province of Nova Scotia, whose mandate is to regulate the practice of licensed practical nursing in Nova Scotia. The College is exempt from income taxes under the Income Tax Act due to its not-for-profit nature.

After conducting a feasibility study into the creation of one nursing regulator in the province, the College's Board of Directors signed a Memorandum of Understanding with College of Registered Nurses of Nova Scotia in December 2017 to create one nursing regulator in Nova Scotia.

The Nursing Act was proclaimed on June 4, 2019. In accordance with section 3 of that Act, the College was dissolved and the Nova Scotia College of Nursing was created to regulate all nurses in Nova Scotia, including licensed practical nurses.

2. Significant accounting policies

Basis of accounting

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

Cash

Cash consist of cash on hand, bank balance held with a financial institution and balance held with an investment broker. Investments

Investments consist of guaranteed investment certificates and fixed term investments which are recorded at cost plus accrued interest. Investments maturing within twelve months from the year-end date are classified as current.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and methods over the estimated useful lives as follows:

Database	30%	Diminishing balance
Furniture & fixtures	20%	Diminishing balance
Leasehold s	Term of lease	Straight-line
Office equipment	30%	Diminishing balance

One half year's amortization is taken in the year of acquisition.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Fund accounting

The Unrestricted Fund is used to record day-to-clay activities. Revenues and expenses for the registration, examination and administration are reported in this fund.

2. Significant accounting policies (continued)

Fund accounting (continued)

The Continuing Education Fund is externally restricted and held separately in guaranteed investments. The interest from the investments is to be used for the advancement of the interests of the Profession of licensed practical nursing.

The One Nursing Regulatory Body Fund is internally restricted and is used for the expenses incurred in relations to the creation of one nursing regulator in the province.

Revenue recognition

(a) Registration

Registration fees are recognized as revenue proportionately over the fiscal year to which they relate. Registration fees received in advance of the membership year to which they relate are recorded as deferred revenue.

(b) Examination

Examination fees are recognized as revenue when exams are held.

(c) Investment income

Investment income comprises interest from cash, guaranteed investment certificates, bonds and distributions from money market investments. Revenue is recognized when earned and collection is reasonably assured.

(d) Grant revenue

Grant revenue is recognized as related expenses are incurred. Any revenues that relate to expenses of future fiscal periods are deferred.

(e) Other revenues

Arrears and penalties revenues are recognized when incurred by the member and received. Transcripts, workshops and miscellaneous revenues are recognized when received and services have been provided (if applicable).

Financial instruments

(a) Measurement of financial instruments

The College initially measures its financial assets and financial liabilities at fair value.

The College subsequently measures all its financial assets and financial liabilities at amortized cost.

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

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in excess of revenues over expenses.

College of Licensed Practical Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets, certain accrued liabilities and employee future benefits. Actual results could differ from those estimates.

3. Investments

	2019 \$	2018 \$
Current		
Guaranteed investment certificates	200,000	200,000
Fixed income bonds	16,202	—
Accrued interest receivable	22,631	18,694
	238,833	218,694
Long-term		
Guaranteed investment certificates	—	200,000
Fixed income bonds	457,115	741,646
Accrued interest receivable	—	18,873
	457,115	960,519

The guaranteed investment certificates have interest rates of 2.40% (October 31, 2018 - 2.30% to 2.40%), with a maturity date of November 2019.

The fixed income bonds have interest rates ranging from 2.25% to 4.1 %, with maturity dates ranging from Dec 2019 to June 2027.

Bond premiums included in fixed income bonds are \$36,125 (\$54,910 as at October 31, 2018) and the amortization of bond premiums is netted against investment income in the statement of operations and changes in net assets.

College of Licensed Practical Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

4. Capital assets

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
Database	106,142	79,305	26,837	18,687
Furniture & fixtures	139,921	50,015	89,906	29,511
Leaseholds	84,201	8,420	75,781	—
Website	23,000	3,450	19,550	—
Office equipment	34,161	5,124	29,037	—
	387,425	146,314	241,111	48,198

5. Employee future benefits

The Board of Directors has authorized the provision of a long service award equal to one week pay for each year of full-time service to a maximum of twenty-six years, calculated from the date the employee first commenced employment with the College. Entitlement is vested after completion 5 years service with the College.

For employees hired on or after January 1, 2013, the Board of Directors has authorized the provision of a long service award equal to one week pay for each year of full-time service to a maximum of thirty years, calculated from the date the employee first commenced employment with the College. Entitlement is vested after completion of 10 years service with the College.

	2019 \$	2018 \$
Balance, beginning of year	123,647	114,442
increase (decrease) in accrued benefits during the year	(60,485)	9,205
Balance, end of year	63,162	123,647

6. Externally restricted - Continuing Education Trust Fund

The College previously received a restricted amount from the former Licensed Practical Nurses Association of Nova Scotia of \$54,796, to be held separately in guaranteed investments. The interest from the investments is to be used for the advancement of the interests of the profession of licensed practical nursing.

College of Licensed Practical Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

7. Internally restricted - One Nursing Regulatory Body

During 2017, the Board of Directors approved an internally restricted reserve fund in the amount of \$870,000 to cover expenses associated with creation of one nursing regulator in the province. The expenses incurred for the period ended June 3, 2019 are as follows:

	2019	2018
	\$	\$
Advertising and promotion	—	1,364
Catering	275	3,314
Change management strategy	8,915	119,915
Communications and printing	462	4,377
Equipment	—	3,184
Equipment lease	—	2,636
Honorarium	300	186
Legal fees	25,462	63,120
Office	20,316	4,362
Professional fees	52,774	251,104
Rent	13,828	18,616
Salaries	128,266	209,582
Telephone	2,495	2,053
Travel	8,833	8,127
	261,926	691,940

8. Financial instruments

Risks and concentrations

The College is exposed to various risks through its financial instruments. The following analysis provides a measure of the College's risk exposure and concentrations at June 3, 2019.

It is management's opinion that the College is not exposed to significant currency and price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

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. Financial instruments that potentially subject the College to concentrations of credit risk consist of cash, accounts receivable and investments. The College deposits its cash and purchases investments in reputable financial institutions and therefore believes the risk of loss to be remote.

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its account payable and accrued liabilities and employee future benefits. The College generates sufficient cash flow from operating activities to fund operations and fulfill obligations as they become due.

9. Financial instruments (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its investments. The investments held as at June 3, 2019 are invested in guaranteed investment certificates and fixed income bonds with fixed interest rates. A plus or minus 1% change in rates would not have a significant effect on the College's operations.



Financial Statements

College of Registered Nurses of Nova Scotia

June 3, 2019

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Independent auditor's report

Grant Thornton LLP
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9
T +1 902 421 1734
F +1 902 420 1068
www.GrantThornton.ca

To the members of
College of Registered Nurses of Nova Scotia

Opinion

We have audited the financial statements of the College of Registered Nurses of Nova Scotia ("CRNNS"), which comprise the statement of financial position as at June 3, 2019, and the statements of operations, changes in net assets and cash flows for the period of January 1, 2019 to June 3, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CRNNS as at June 3, 2019, and its results of its operations and its cash flows for the period of January 1, 2019 to June 3, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CRNNS 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.

Emphasis of matter

Without modifying our audit opinion, we draw attention to Note 14 in the financial statements. Note 14 indicates that subsequent to June 3, 2019, as a result of the proclamation of a new Nursing Act, CRNNS has dissolved and its operations have been moved to the Nova Scotia College of Nursing, a new regulatory entity for the nursing profession in Nova Scotia.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing CRNNS' 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 CRNNS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CRNNS' 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 CRNNS' 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 CRNNS' 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 CRNNS 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.

Grant Thornton LLP

Halifax, Canada
December 5, 2019

Chartered Professional Accountants
Licensed Public Accountants

College of Registered Nurses of Nova Scotia

Statement of operations

	2019	2018
Period of January 1, 2019 to June 3		Year Ended December 31
Revenues		
Membership	\$ 2,337,794	\$ 5,526,547
Investment income (loss) (Note 3)	171,001	(13,568)
Other	<u>55,322</u>	<u>169,402</u>
	<u>2,564,117</u>	<u>5,682,381</u>
Expenditures		
Administrative	120,337	234,213
Interagency	595,395	579,468
Legislated services	1,025,423	2,233,614
Member services	742,711	1,639,373
Premises	167,356	384,065
One Nursing Regulator (Note 12)	374,127	1,178,228
Amortization of property and equipment	26,729	72,988
Loss on disposal of property and equipment	<u>2,014</u>	<u>68,388</u>
	<u>3,054,092</u>	<u>6,390,337</u>
 Deficiency of revenues over expenditures	 \$ <u>(489,975)</u>	 \$ <u>(707,956)</u>

College of Registered Nurses of Nova Scotia
Statement of financial position

December 31

As at June 3

2019

2018

Assets

Current

Cash and cash equivalents	\$ 248,021	\$ 133,196
Short term investments (Note 4)	891,904	697,438
Receivables	297,623	378,909
Prepays	317,137	23,558
Advance to related party (Note 5)	<u>250,000</u>	<u>-</u>
	2,004,685	1,233,101

Long term investments (Note 4)	3,996,322	7,419,851
Property and equipment (Note 6)	<u>285,604</u>	<u>297,535</u>
	\$ 6,286,611	\$ 8,950,487

Liabilities

Current

Payables and accruals (Note 7)	\$ 459,912	\$ 748,207
Deferred revenue	<u>2,331,171</u>	<u>4,313,239</u>
	2,791,083	5,061,446

Deferred lease incentive	62,215	16,813
Retirement benefits (Note 8)	<u>468,931</u>	<u>417,871</u>
	3,322,229	5,496,130

Net assets

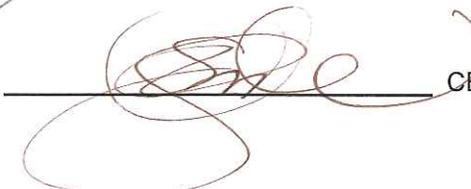
Net investment in property and equipment	285,604	297,535
Net investment in liquidity reserve	-	1,292,320
Unrestricted	<u>2,678,778</u>	<u>1,864,502</u>
	2,964,382	3,454,357
	\$ 6,286,611	\$ 8,950,487

Commitments (Note 9)

Subsequent events (Note 14)

On behalf of the Council


 _____ President


 _____ CEO & Registrar

College of Registered Nurses of Nova Scotia

Statement of changes in net assets

Period of January 1, 2019 to June 3

	Investment in property and equipment	Investment in liquidity reserve	Unrestricted	Year Ended December 31	
				2019 Total	2018 Total
Net assets, beginning of period	\$ 297,535	\$ 1,292,320	\$ 1,864,502	\$ 3,454,357	\$ 4,162,313
Deficiency of revenues over expenditures	(26,729)	-	(463,246)	(489,975)	(707,956)
Purchase of property and equipment, net of disposals	14,798	-	(14,798)	-	-
Transfers to liquidity reserve	-	(1,292,320)	1,292,320	-	-
Net assets, end of period	\$ 285,604	\$ -	\$ 2,678,778	\$ 2,964,382	\$ 3,454,357

College of Registered Nurses of Nova Scotia

Statement of cash flows

Year Ended
December 31
2018

Period of January 1, 2019 to June 3

2019

Increase (decrease) in cash and cash equivalents

Operating		
Deficiency of revenues over expenditures	\$ (489,975)	\$ (707,956)
Amortization	26,729	72,988
Increase in deferred lease incentive	45,402	13,492
Loss on disposal of property and equipment	2,014	68,388
Unrealized (gains) losses on investments	(100,812)	83,277
Increase in retirement benefits liability	<u>51,060</u>	<u>35,831</u>
	(465,582)	(433,980)
Change in non-cash operating working capital (Note 10)	<u>(2,482,656)</u>	<u>(81,485)</u>
	(2,948,238)	(515,465)
Investing		
Purchase of property and equipment, net	(16,812)	(321,244)
Sale of investments, net	<u>3,329,875</u>	<u>816,678</u>
	3,313,063	495,434
Financing		
Advance to related party	<u>(250,000)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	114,825	(20,031)
Cash and cash equivalents		
Beginning of period	<u>133,196</u>	<u>153,227</u>
End of period	\$ <u>248,021</u>	\$ <u>133,196</u>

College of Registered Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

1. Nature of operations and dissolution of operations

The College of Registered Nurses of Nova Scotia ("CRNNS") is the professional regulatory body for registered nurses and nurse practitioners licensed to practice in Nova Scotia. CRNNS is a non-profit organization exempt from tax under paragraph 149(1)(L) of the Income Tax Act and, therefore, is not required to pay income taxes.

Effective June 3, 2019, as a result of the proclamation of a new Nursing Act, CRNNS has dissolved operations alongside the College of Licensed Practical Nurses to co-create a new entity called the Nova Scotia College of Nursing.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant accounting policies are detailed as follows:

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting. This method ensures observance of restrictions, if any, on the use of the resources by maintaining separate accounts for each fund. Funds that have limitations placed on their use by internal or external parties are classified as restricted.

The following provides a brief description of each fund group:

The **unrestricted** fund is for general operating funds.

The **net investment in liquidity reserve** had historically represented an estimate of three months of operating expenditures net of non-cash and externally funded expenditures allocated to fund a future wind-down or contingencies. As at June 3, 2019, CRNNS has been dissolved. As part of this process, the Board has approved all remaining balances in the liquidity reserve to be transferred to the unrestricted fund.

The **net investment in property and equipment** is the balance in capital assets less associated amortization.

Financial instruments

Initial measurement

CRNNS' financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred. Financial instruments consist of cash and cash equivalents, receivables, short term and long term investments, payables and accruals and deferred revenue.

College of Registered Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, CRNNS measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments held, which are measured at fair value. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals and deferred revenue.

For financial assets measured at cost or amortized cost, CRNNS regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and CRNNS determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

CRNNS' main financial instrument risk exposure is detailed as follows:

Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to CRNNS. CRNNS' credit risk is primarily attributable to receivables. Receivables are managed by closely monitoring delinquent contributors and ensuring that any late payments or deviations are investigated.

Liquidity risk

Liquidity risk is the risk that CRNNS will not be able to pay financial instrument liabilities as they come due. CRNNS' liquidity risk from financial instruments is its need to meet operating requirements for payables and accruals. The majority of assets held by CRNNS are invested in securities that can be readily disposed of as liquidity needs arise.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, CRNNS segregates market risk into three categories: interest rate risk, currency risk and other price risk. CRNNS is not exposed to significant currency or other price risk.

Interest rate risk

CRNNS is exposed to interest rate risk through the cash and interest bearing investments held. CRNNS manages its portfolio investments based on its cash flow needs and with a view to optimizing its interest income. The investments held as of June 3, 2019 are invested in guaranteed investment certificates, treasury bills, and mutual funds with fixed interest rates ranging from 1.61% - 2.81% with maturity dates between June 2019 to July 2023. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on CRNNS' operations.

College of Registered Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Investments

Investments are measured at fair market value at the date of the statement of financial position.

Property and equipment

Property and equipment is recorded at its original cost and subsequently measured at cost less accumulated amortization. Property and equipment is amortized over its estimated useful life. Management reviews estimates of the useful lives of property and equipment and adjusts the estimates as required. When a capital asset no longer contributes to CRNNS' ability to provide services, its carrying amount is written down to its residual value. Management regularly reviews assets for impairment and adjusts as necessary.

Property and equipment is amortized over the estimated useful life of the asset using the methods and rates as follows:

Furniture and fixtures	20%	declining balance
Leasehold improvements	straight line	over lease term
Computer equipment	40%	declining balance
Computer software	40%	declining balance

Deferred revenue

All membership fees collected as at period end which relate to future fiscal periods are recorded as deferred revenue.

Employee future benefits

CRNNS has a number of defined benefit plans that provide benefits to its employees. These include: the post-retirement health subsidy benefit, retirement allowance and participation in Nova Scotia Health Employees' Pension Plan.

CRNNS accounts for the post-retirement health subsidy benefit and the retirement allowance using the immediate recognition approach. These plans are unfunded. The cost of pension benefits earned by employees are actuarially determined using the projected benefit method.

CRNNS accounts for participation in the multi-employer Nova Scotia Health Employees' Pension Plan as a defined contribution plan. CRNNS is not obligated for any unfunded liability, nor does CRNNS have entitlement to any surplus that may arise in the plan. Contributions to this plan are required by both employees and CRNNS. Total contributions made by CRNNS during the period were \$110,232 (2018 - \$264,465) and are recognized as an expense in the period.

College of Registered Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

2. Summary of significant accounting policies (continued)

Revenues

Membership fees

Revenue from membership fees is recognized on an accrual basis as the related services are provided.

Investment income

Investment income consists of interest income, dividend income and realized and unrealized gains on investments. Interest income is recognized on an accrual basis.

Realized gains or losses on sale of investments are the difference between the proceeds received and the cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

Other income

Income related to projects and professional developments are recognized as the related services are provided.

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Items subject to significant management estimates include useful lives of capital assets and the fair market value of investments.

Allocation of expenses

CRNNS allocates its general IT, finance and human resources support expenses across administrative, legislative and member services. These allocations are determined annually based on the estimated amount of time the individuals within these support areas are working in each functional area. The amount allocated to each functional area is listed in note 12.

College of Registered Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

3. Investment income (loss)		December 31	
		<u>2019</u>	<u>2018</u>
Interest	\$ 46,340	\$ 3,599	
Dividends	23,931	96,119	
Realized losses	(82)	(30,009)	
Unrealized gain (losses)	<u>100,812</u>	<u>(83,277)</u>	
Investment income (loss)	<u>\$ 171,001</u>	<u>\$ (13,568)</u>	

4. Investments		December 31	
		<u>2019</u>	<u>2018</u>
Total investments	\$ 4,888,226	\$ 8,117,289	
Less: Investments maturing within the next year	<u>(891,904)</u>	<u>(697,438)</u>	
Long term investments	<u>\$ 3,996,322</u>	<u>\$ 7,419,851</u>	

5. Advance to related party		December 31	
		<u>2019</u>	<u>2018</u>
Nova Scotia College of Nursing	\$ 250,000	\$ -	

During the year, CRNNS provided a loan as approved by Council to the Nova Scotia College of Nursing to enable the start of operations. The advance to a related party is unsecured and non-interest bearing. Upon dissolution and windup of CRNNS all assets and liabilities of CRNNS will be transferred to the Nova Scotia College of Nursing.

6. Property and equipment				December 31	
				<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>	
Furniture and fixtures	\$ 371,580	\$ 240,151	\$ 131,429	\$ 142,253	
Leasehold improvements	102,684	4,089	98,595	95,506	
Computer equipment	94,958	47,058	47,900	50,483	
Computer software	<u>10,706</u>	<u>3,026</u>	<u>7,680</u>	<u>9,293</u>	
	<u>\$ 579,928</u>	<u>\$ 294,324</u>	<u>\$ 285,604</u>	<u>\$ 297,535</u>	

7. Payables and accruals		December 31	
		<u>2019</u>	<u>2018</u>
Trade	\$ 235,794	\$ 437,929	
Miscellaneous	164,738	303,075	
Government remittances	<u>59,380</u>	<u>7,203</u>	
	<u>\$ 459,912</u>	<u>\$ 748,207</u>	

College of Registered Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

8. Retirement benefits

Post-retirement health subsidy benefit

Retirees are eligible to apply for continuation of their HANS extended health plan. CRNNS shall pay 65% of an eligible retiree's HANS monthly premiums for medical and personal basic life insurance until the retiree reaches their 65th birthday. Such reimbursement shall be contingent upon the retiree having a minimum of 10 continuous years of service with CRNNS, retiring after age 60, and being accepted in the HANS Retiree Health Plan. These age and service eligibility requirements are waived for the Chief Executive Officer of CRNNS. The most recent accounting actuarial valuation of this plan was as of December 31, 2016.

Retirement allowance

Employees retiring after the age of 60 and who have been employed by CRNNS for a minimum of ten continuous years are eligible to receive a retirement allowance. The allowance is equal to one week's pay for each year of full-time service, to a maximum of 30 weeks. If an eligible employee dies while actively employed, the retiring allowance will be paid to the employee's beneficiary or estate. No allowance is paid to a member who terminates employment prior to eligibility for benefits. The most recent accounting actuarial valuation of this plan was as of December 31, 2016.

Information pertaining to CRNNS' defined benefit plans is as follows:

		December 31	
	<u>2019</u>	<u>2018</u>	
Defined benefit obligation			
Post-retirement health subsidy benefit	\$ 77,969	\$ 69,762	
Retirement allowance	<u>390,962</u>	<u>348,109</u>	
Total	<u>\$ 468,931</u>	<u>\$ 417,871</u>	

The defined benefit costs recognized during the period are as follows:

	Retirement Allowance		Post-Retirement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Employer current service cost	\$ 13,907	\$ 33,695	\$ 2,535	\$ 6,108
Finance cost	<u>5,651</u>	<u>11,228</u>	<u>1,124</u>	<u>2,323</u>
Defined benefit cost	<u>19,558</u>	<u>44,923</u>	<u>3,659</u>	<u>8,431</u>
Remeasurements and other items	<u>\$ 23,295</u>	<u>\$ (14,009)</u>	<u>\$ 5,092</u>	<u>\$ (2,418)</u>

Actuarial assumptions used in measuring the benefit cost and accrued benefit obligations include the following:

	Retirement Allowance		Post-Retirement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate for benefit expense	2.9%	3.7%	2.9%	3.7%
Rate of compensation increase for benefit expense	3.5%	3.5%	3.5%	3.5%
Health care inflation	-	-	4.5%	4.5%

College of Registered Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

9. Commitments

CRNNS has entered into various lease agreements for premises and equipment. Upon dissolution of CRNNS, these will be assumed by the Nova Scotia College of Nursing. Minimum payments required over the next 5 years for the base rent of premises lease and equipment leases are as follows:

2020	\$ 566,382
2021	567,225
2022	569,902
2023	569,792
2024	574,776

10. Supplemental cash flow information

	<u>2019</u>	December 31 <u>2018</u>
Change in non-cash operating working capital		
Receivables	\$ 81,286	\$ (268,610)
Prepays	(293,579)	45,661
Payables and accruals	(288,295)	75,432
Deferred revenue	<u>(1,982,068)</u>	<u>66,032</u>
	<u>\$ (2,482,656)</u>	<u>\$ (81,485)</u>

11. Government contributions

During the period, CRNNS received government contributions as follows:

	<u>2019</u>	December 31 <u>2018</u>
Nova Scotia Department of Health - Nursing School Transcripts	\$ 14,400	\$ 14,400
Deferred contributions, beginning of period	3,600	3,600
Deferred contributions, end of period	<u>11,880</u>	<u>3,600</u>
Government contributions earned during the period	<u>\$ 6,120</u>	<u>\$ 14,400</u>

Of the total government contributions earned during the period, \$6,120 (2018 - \$14,400) is recognized in membership revenue.

College of Registered Nurses of Nova Scotia

Notes to the financial statements

June 3, 2019

12. Allocation of administrative expenditures

	Member <u>services</u>	Legislated <u>services</u>	<u>Administration</u>	Total 2019	December 31 Total 2018
Finance and human resources	\$ 58,253	\$ 58,253	\$ 58,253	\$ 174,759	\$ 378,402
Information technology	<u>61,264</u>	<u>61,264</u>	<u>61,264</u>	<u>183,792</u>	<u>330,906</u>
	<u>\$ 119,517</u>	<u>\$ 119,517</u>	<u>\$ 119,517</u>	<u>\$ 358,551</u>	<u>\$ 709,308</u>

13. Creation of One Nursing Regulator for Nova Scotia

CRNNS' Council approved the use of funds from an internally restricted reserve, the "Liquidity Reserve", to cover expenses associated with the creation of One Nursing Regulator for Nova Scotia. CRNNS' expenses incurred for the period ended June 3, 2019 are as follows:

	2019	December 31 2018
Advertising	\$ 11	\$ 74
Catering	1,268	9,990
Change management strategy	15,163	261,383
Communications and printing	7,104	8,460
Equipment and facility rentals	1,000	1,783
Honorarium/salary reimbursement	438	4,200
Legal fees	40,183	80,626
Office	2,459	10,244
Professional fees	1,260	359,233
Rent	10,601	26,607
Repairs and maintenance	4,688	1,233
Salaries and benefits	288,251	404,493
Telephone	572	5,542
Travel	<u>1,129</u>	<u>4,360</u>
Total expenses	\$ <u>374,127</u>	\$ <u>1,178,228</u>

14. Subsequent events

Subsequent to the close of operations on June 3, 2019, CRNNS was dissolved and together with the College of Licensed Practical Nurses of Nova Scotia formed the Nova Scotia College of Nursing. See Note 1 *Nature of operations and dissolution of operations* for more information.

Financial statements of
College of Licensed Practical Nurses
of Nova Scotia

October 31, 2018

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Independent Auditor's Report

To the Directors of
College of Licensed Practical Nurses of Nova Scotia

Opinion

We have audited the financial statements of College of Licensed Practical Nurses of Nova Scotia (the "Company"), which comprise the balance sheet as at October 31, 2018, and the Statement of Operations – Unrestricted Fund, Statement of Changes in Net Assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises ("ASPE").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 ASPE, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process, see Note 1 to the financial statements.

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 GAAS 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 GAAS, 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 Company'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 Company'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 Company 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.

Deloitte LLP

Chartered Professional Accountants
August 26, 2020

College of Licensed Practical Nurses of Nova Scotia**Statement of Operations – Unrestricted Fund**

Year ended October 31, 2018

	2018	2017
	\$	\$
Revenues		
Registration	1,449,005	1,415,330
Examination	97,400	64,025
Investment income	13,071	31,785
Arrears, penalties and transcripts	57,050	52,185
Workshops and miscellaneous	15,943	23,885
Loss on investments	(36,124)	—
IEN grants	122,810	88,727
IEN tutorial grant	21,616	37,552
	1,740,771	1,713,489
Operating expenses		
Advertising and promotion	8,708	9,161
Amortization	15,387	19,234
Bank charges	44,936	44,807
Communications and printing	6,695	7,562
Contract services	48,183	48,257
Dues and fees	38,294	43,849
Employee benefits	133,094	110,387
Examination and invigilation	85,386	59,377
IEN tutorial project	19,697	17,655
IEN poster project	201	14,990
Insurance	32,130	32,393
Investment management fees	4,912	6,260
Legal fees	52,353	10,176
Meetings - Board	89,967	74,216
Meetings - other, including workshops	44,408	39,448
Occupancy	111,692	111,362
Office	82,650	53,492
Postage and equipment rental	9,868	16,317
Practical nurse program approval	—	9,148
Professional development	20,117	18,173
Professional fees	27,511	26,049
Salaries and IEN consultant costs	808,231	708,210
Telephone	24,573	24,266
Travel	51,321	59,634
	1,760,314	1,564,423
Excess of (expenses over revenues) revenues over expenses	(19,543)	149,066

The accompanying notes are an integral part of the consolidated financial statements.

College of Licensed Practical Nurses of Nova Scotia

Statement of changes in net assets

Year ended October 31, 2018

	Unrestricted Fund	Continuing Education Trust Fund (Note 6)	Internally Restricted - One Nursing Regulatory Body Fund (Note 7)	2018	2017
	\$	\$	\$	\$	\$
Net assets, beginning of year	977,197	54,796	521,418	1,553,411	1,752,927
Interfund transfers	(170,522)	—	170,522	—	—
Excess (deficiency) of revenues over expenses	(19,543)	—	(691,940)	(711,483)	(199,516)
Net assets, end of year	787,132	54,796	—	841,928	1,553,411

The accompanying notes are an integral part of the consolidated financial statements.

College of Licensed Practical Nurses of Nova Scotia

Balance sheet

As at October 31, 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash		1,144,014	1,497,199
Accounts receivable		45,093	16,253
Inventories		—	1,971
Prepays		50,474	15,971
Investments	3	218,694	295,197
		1,458,275	1,826,591
Investments	3	960,519	1,161,506
Capital assets	4	48,198	63,585
		2,466,992	3,051,682
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		119,105	55,364
Deferred registration and examination fees		1,382,312	1,328,465
		1,501,417	1,383,829
Employee future benefits	5	123,647	114,442
		1,625,064	1,498,271
Net assets			
Externally restricted - Continuing Education Trust Fund	6	54,796	54,796
Internally restricted	7	—	521,418
Unrestricted		787,132	977,197
		841,928	1,553,411
		2,466,992	3,051,682
Commitment	8		

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board



_____, Chairperson, Nova Scotia College of Nursing



_____, CEO and Registrar, Nova Scotia College of Nursing

College of Licensed Practical Nurses of Nova Scotia**Consolidated statement of cash flows**

Year ended October 31, 2018

	2018	2017
	\$	\$
Cash provided by (use in):		
Operating activities		
Excess of (expenses over revenues) revenues over expenses	(19,543)	149,066
Expenses of One Nursing Regulatory Body Fund	(691,940)	(348,582)
Iterns not affecting cash:		
Amortization	15,387	19,234
Amortization of bond premiums	—	19,452
Employee future benefits	9,205	21,666
	(686,891)	(139,164)
Changes in non-cash working capital items		
Accounts receivable	(28,840)	(16,253)
Inventory	1,971	(682)
Prepays	(34,503)	(6,741)
Accounts payable and accrued liabilities	63,741	(3,822)
Deferred registration and examination fees	53,847	9,675
	(630,675)	(156,987)
Investing activities		
Acquisition of capital assets	—	(11,439)
Acquisition of investments	—	(123,560)
Proceeds on disposal of investments	277,490	429,365
	277,490	294,366
Change in cash	(353,185)	137,379
Cash, beginning of year	1,497,199	1,359,820
Cash, end of year	1,144,014	1,497,199

The accompanying notes are an integral part of the consolidated financial statements.

College of Licensed Practical Nurses of Nova Scotia

Notes to the financial statements

October 31, 2018

1. Current and future operations

College of Licensed Practical Nurses of Nova Scotia ("the College") is a not-for-profit organization incorporated under the Licensed Practical Nurses Act of the Province of Nova Scotia, whose mandate is to regulate the practice of licensed practical nursing in Nova Scotia. The College is exempt from income taxes under the Income Tax Act due to its not-for-profit nature.

After conducting a feasibility study into the creation of one nursing regulator in the province, the College's Board of Directors signed a Memorandum of Understanding with College of Registered Nurses of Nova Scotia in December 2017 to create one nursing regulator in Nova Scotia.

Subsequent to year-end, the Nursing Act was proclaimed on June 4, 2019. In accordance with section 3 of that Act, the College was dissolved and the Nova Scotia College of Nursing was created to regulate all nurses in Nova Scotia, including licensed practical nurses.

2. Significant accounting policies

Basis of accounting

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

Cash

Cash consist of cash on hand, bank balance held with a financial institution and balance held with an investment broker. Investments

Investments consist of guaranteed investment certificates and fixed term investments which are recorded at cost plus accrued interest. Investments maturing within twelve months from the year-end date are classified as current.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and methods over the estimated useful lives as follows:

Database	30%	Diminishing balance
Furniture & fixtures	20%	Diminishing balance

One half year's amortization is taken in the year of acquisition.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Fund accounting

The Unrestricted Fund is used to record day-to-day activities. Revenues and expenses for the registration, examination and administration are reported in this fund.

2. Significant accounting policies (continued)

Fund accounting (continued)

The Continuing Education Fund is externally restricted and held separately in guaranteed investments. The interest from the investments is to be used for the advancement of the interests of the Profession of licensed practical nursing.

The One Nursing Regulatory Body Fund is internally restricted and is used for the expenses incurred in relations to the creation of one nursing regulator in the province.

Revenue recognition

(a) Registration

Registration fees are recognized as revenue proportionately over the fiscal year to which they relate. Registration fees received in advance of the membership year to which they relate are recorded as deferred revenue.

(b) Examination

Examination fees are recognized as revenue when exams are held.

(c) Investment income

Investment income comprises interest from cash, guaranteed investment certificates, bonds and distributions from money market investments. Revenue is recognized when earned and collection is reasonably assured.

(d) Grant revenue

Grant revenue is recognized as related expenses are incurred. Any revenues that relate to expenses of future fiscal periods are deferred.

(e) Other revenues

Arrears and penalties revenues are recognized when incurred by the member and received. Transcripts, workshops and miscellaneous revenues are recognized when received and services have been provided (if applicable).

Financial instruments

(a) Measurement of financial instruments

The College initially measures its financial assets and financial liabilities at fair value.

The College subsequently measures all its financial assets and financial liabilities at amortized cost.

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

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in excess of revenues over expenses.

College of Licensed Practical Nurses of Nova Scotia

Notes to the financial statements

October 31, 2018

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets, certain accrued liabilities and employee future benefits. Actual results could differ from those estimates.

3. Investments

	2018	2017
	\$	\$
Current		
Guaranteed investment certificates	200,000	200,000
Fixed income bonds	—	80,918
Accrued interest receivable	18,694	14,279
	218,694	295,197
Long-term		
Guaranteed investment certificates	200,000	400,000
Fixed income bonds	741,646	719,446
Accrued interest receivable	18,873	42,060
	960,519	1,161,506
	1,179,213	1,456,703

The guaranteed investment certificates have interest rates ranging from 2.3% to 2.40% (2017 - 2.05% to 2.40%), with maturity dates ranging from November 2018 to November 2019.

The fixed income bonds have interest rates ranging from 2.25% to 4.1 %, with maturity dates ranging from Dec 2019 to June 2027.

Bond premiums included in fixed income bonds are \$54,910 (\$51,364 - 2017) and the amortization of bond premiums is netted against investment income in the statement of operations and changes in net assets.

College of Licensed Practical Nurses of Nova Scotia

Notes to the financial statements

October 31, 2018

4. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
	\$	\$	\$	\$
Database	192,674	173,987	18,687	26,696
Furniture & fixtures	161,728	132,217	29,511	36,889
	354,402	306,204	48,198	63,585

5. Employee future benefits

The Board of Directors has authorized the provision of a long service award equal to one week pay for each year of full-time service to a maximum of twenty-six years, calculated from the date the employee first commenced employment with the College. Entitlement is vested after completion 5 years service with the College.

For employees hired on or after January 1, 2013, the Board of Directors has authorized the provision of a long service award equal to one week pay for each year of full-time service to a maximum of thirty years, calculated from the date the employee first commenced employment with the College. Entitlement is vested after completion of 10 years service with the College.

	2018	2017
	\$	\$
Balance, beginning of year	114,442	92,776
increase in accrued benefits during the year	9,205	21,666
Balance, end of year	123,647	114,442

6. Externally restricted - Continuing Education Trust Fund

The College previously received a restricted amount from the former Licensed Practical Nurses Association of Nova Scotia of \$54,796, to be held separately in guaranteed investments. The interest from the investments is to be used for the advancement of the interests of the profession of licensed practical nursing.

College of Licensed Practical Nurses of Nova Scotia

Notes to the financial statements

October 31, 2018

7. Internally restricted - One Nursing Regulatory Body

During the prior year, the Board of Directors approved an internally restricted reserve fund in the amount of \$870,000 to cover expenses associated with creation of one nursing regulator in the province. The expenses incurred for the year are as follows:

	2018	2017
	\$	\$
Advertising and promotion	1,364	1,195
Catering	3,314	6,363
Change management strategy	119,915	82,299
Communications and printing	4,377	2,241
Equipment	3,184	1,263
Equipment lease	2,636	1,325
Governance contract	—	4,260
Honorariums	186	—
Legal fees	63,120	77,289
Office	4,362	5,571
Professional fees	251,104	20,045
Rent	18,616	17,835
Repairs and maintenance	—	322
Salaries	209,582	125,476
Telephone	2,053	1,244
Travel	8,127	1,854
	691,940	348,582

8. Commitment

The College leases its office premises, requiring annual rent payments and variable operating costs of approximately \$90,000 per annum until February 28, 2019.

The College has signed an agreement with a legal counsel with a fix monthly fee of \$3,361 (College share) until December 31, 2018. The commitment for fiscal year ending October 31, 2019 is approximately \$7,000. The commitment is to be paid out of the internally restricted reserve fund setup for the one nursing regulatory body merger.

9. Financial instruments

Risks and concentrations

The College is exposed to various risks through its financial instruments. The following analysis provides a measure of the College's risk exposure and concentrations at year end.

It is management's opinion that the College is not exposed to significant currency and price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

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. Financial instruments that potentially subject the College to concentrations of credit risk consist of cash, accounts receivable and investments. The College deposits its cash and purchases investments in reputable financial institutions and therefore believes the risk of loss to be remote.

9. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its account payable and accrued liabilities and employee future benefits. The College generates sufficient cash flow from operating activities to fund operations and fulfill obligations as they become due.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its investments. The investments held as at year end are invested in guaranteed investment certificates and fixed income bonds with fixed interest rates. A plus or minus 1% change in rates would not have a significant effect on the College's operations.

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