

ANNUAL REPORT

2020 to 2021

YEAR IN REVIEW



NICOLE LETOURNEAU, PhD, RN, FCAHS
COUNCIL CHAIR



JOY PEACOCK, BSN, MSc, RN
CEO & REGISTRAR

It is our pleasure to present the College of Registered Nurses of Alberta's (CRNA) *2020-2021 Annual Report*. In 2020-21, we focused on responding to the pandemic, transitioning to a single mandate regulator, undergoing significant governance reform and removing barriers to registration across provincial borders.

Pandemic Response

The COVID-19 pandemic continues to have a substantial impact on Alberta's health workforce and health system. We acknowledge and thank registered nurses (RNs), nurse practitioners (NPs) and other health professionals for their ongoing commitment and dedication to patient care and public safety during these challenging times.

In 2020-21, the health-care system was strained by high hospitalizations and unprecedented ICU admissions. To assist in meeting the demand for care, we:

- Expedited courtesy permits for eligible registrants, which included working with employers to enable qualified individuals to register as quickly as possible to support emergency response efforts.
- Issued emergency permits at no cost to former registrants and to nurses registered in other Canadian provinces who met registration requirements.
- Expedited assessments for several provisional permits for graduate nurses who met education and registration requirements.

- Issued vaccine administration restricted permits at a reduced cost to former registrants who met the registration requirements.
- Responded to complaints dealing with inappropriate use of social media, unethical off-duty conduct, questions about COVID-related public health and freedom of expression concerns.
- Worked with nursing education programs to develop *Guiding Principles* to enhance safety for the public, students and faculty members.

Significant Work to Separate our Dual Mandate

The 2020-21 year marked the beginning of our efforts to separate the organization's dual mandates. This included significant work to strengthen our regulatory mandate and divest of our association mandate and related functions.

To underline our commitment to our regulatory mandate we changed our trade name from the College and Association of Registered Nurses of Alberta (CARNA) to the College of Registered Nurses of Alberta (CRNA). The [Alberta Association of Nurses](#) was formed in 2021 to represent Alberta RNs, NPs, licensed practical nurses and registered psychiatric nurses.

YEAR IN REVIEW

Governance Reform

As a progressive regulator, we are committed to challenging the status quo and seeking ways to continually improve all aspects of our business, including our governance systems. To strengthen our governance systems, framework and processes, Council directed the College to conduct a review to:

- Build awareness and understanding of governance structures, governance best practices and characteristics of high performing boards and committees.
- Position the organization to effectively influence and respond to anticipated activity in the external environment.
- Adopt policies, procedures and processes to enable a high performing Council with a governance structure that can be accomplished within our legislative framework.

This review led to the development of the *Governance Review Findings Report and Recommendations*¹. In August 2020, our Council voted unanimously to accept all nine recommendations outlined in the report. Over the past year, we have successfully addressed the majority of recommendations in the report, which significantly enhanced our ability to govern in the public interest, now and in the future.

We are guided by committees comprised of registrants and public members with a variety of skills sets. Each committee plays a critical role in the delivery of our legislative mandate and we thank them for their contributions.

Our governance committees that are required by our bylaws and governance policies, include:

- Finance and Audit Committee
- Leadership Review and Governance Committee
- Nominating Committee

Our regulatory committees required under the HPA, *Registered Nurses Profession Regulation*, and our bylaws and governance policies, include:

- Appeals Committee
- Competence Committee
- Complaint Review Committee
- Hearing Tribunal
- Nursing Education Program Approval Committee
- Registration Committee
- Registration Review Committee

¹The *Governance Review Findings Report and Recommendations* is available on our website.

YEAR IN REVIEW

Removing Barriers


The ongoing pandemic increased both the demand and the need for virtual care services. In response, we partnered with the [College of Registered Nurses of Saskatchewan](#) to launch a pilot program to reduce barriers and expedite registration for RNs, NPs and certified graduate nurses providing virtual care across provincial borders.

Finances

In 2020-21, we:

- Continued our focus on performance growth and business transformation.
- Adopted key planning and budgeting principles to guide Council and management toward continued financial stewardship and achievement of our strategic priorities.
- Successfully improved on our financial health while keeping pace with the rapidly changing regulatory and economic environments.
- Invested in key regulatory and organizational initiatives, including transitioning to a single mandate regulator, governance reform, and providing seed funding to the new [Alberta Association of Nurses](#).
- Invested in information management systems and processes to ensure operational controls and effectiveness in response to the ongoing pandemic.

The College's audited financial statements for September 30, 2021, can be found at the end of this report.



“We continued our focus on performance growth and business transformation.”

PUBLIC REPRESENTATIVES

In 2020, we increased our government appointed public member representation on Council from 25 per cent to 50 per cent. This resulted in us shifting the composition of Council to eight public members and eight regulated members.

In 2021, we welcomed four new public members to our Council. Our new and existing public members significantly enhanced our ability to govern the profession in the public interest.

We wish to recognize and thank all of our public members. The tremendous amount of work we achieved in 2020-21 would not have been possible without the commitment and dedication of our public members:

STEVE ARMSTRONG



KIM EWASECHKO



JOANN CAZAKOFF



PETER OBIEFUNA



SUSAN ROSKEY

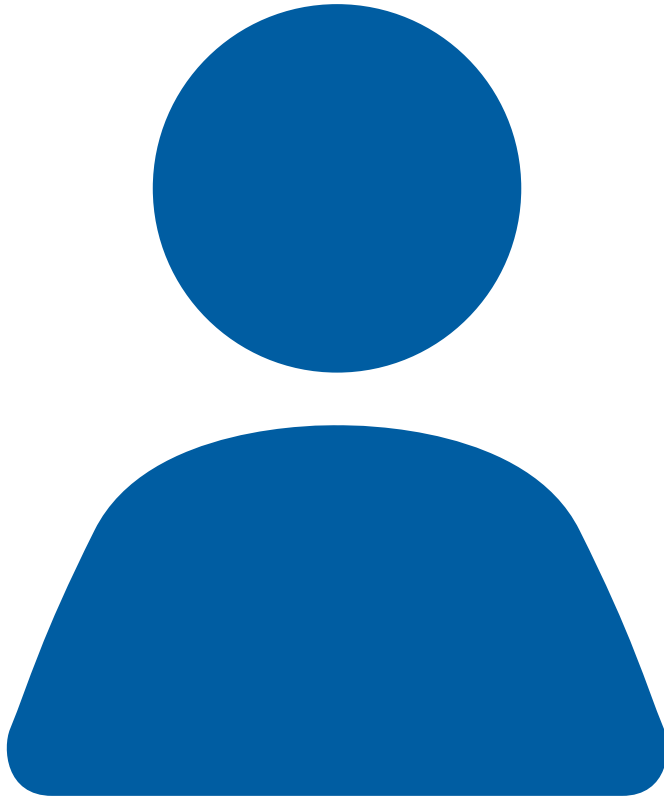


TONYA FLEMING

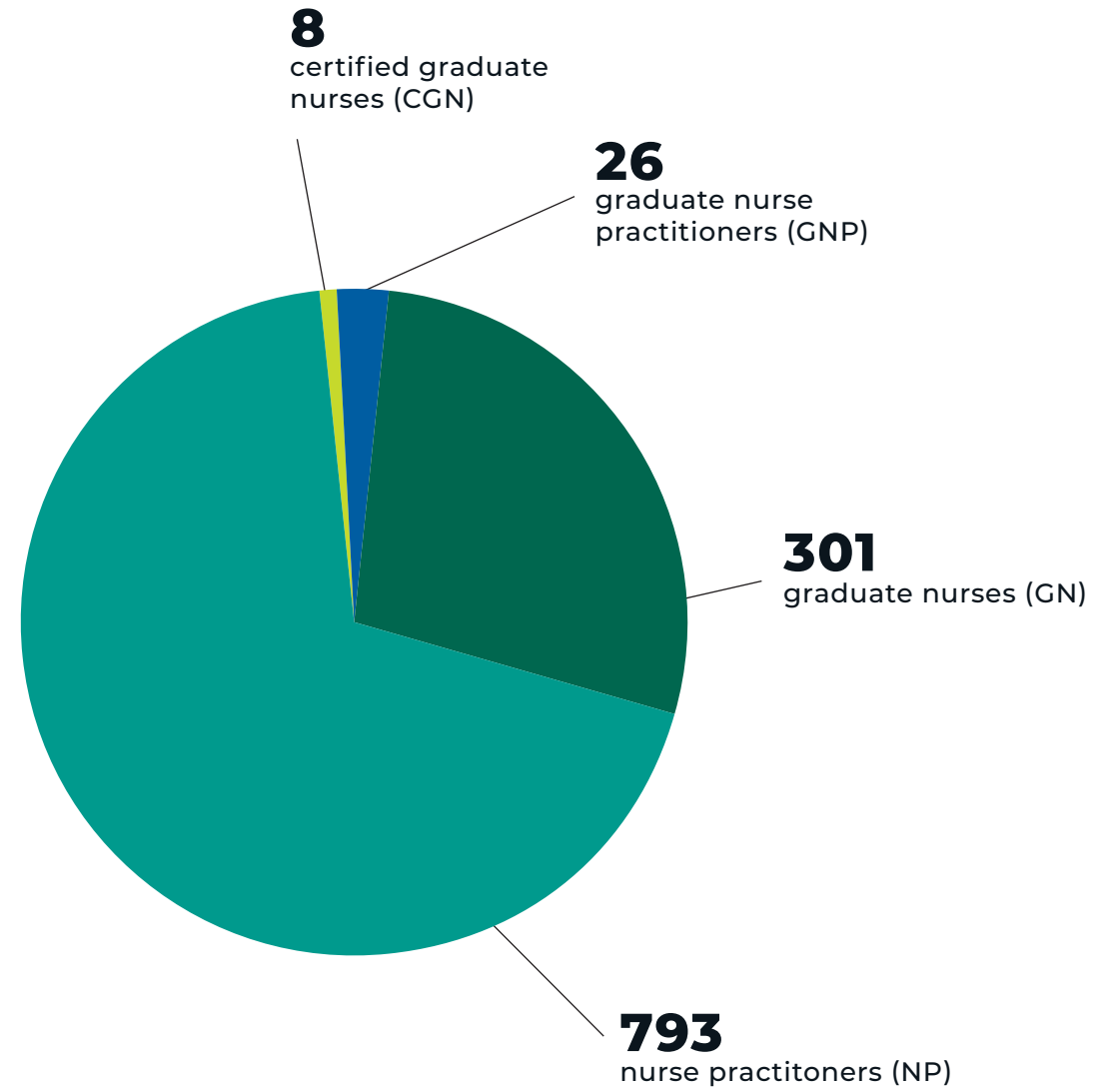


39,528

REGISTRANTS



38,400
registered nurses (RN)



5 | **39** | courtesy permits
1,957 | non-practicing class

939 | permits not renewed
732 | permits cancelled for non-renewal

1,874 | new permits
7 | permits denied

2,346 | applications

344 COMPLAINTS

0 | Appeals

0 | Hearings closed to the public

SOURCE

Employer | 185



Co-worker | 64



Public / family | 53



Patient | 23



Complaints director S.56 of HPA | 10



Other professional body / agency | 5



Self-report | 4



Hearing tribunal | 0

NATURE

Skills / practice / knowledge | 207



Co-worker abuse / harassment | 45



Privacy breaches | 23



Sexual abuse and misconduct
not towards patients | 14



Patient abuse | 11



Theft | 11



Substance misuse | 10



Attendance / employer matters | 10



Fitness to practice | 9



Sexual abuse and misconduct
towards patients | 7



Boundary | 2



Other | 16



DISPOSITION

Managed via expedited /
alternative resolution | 161



Investigated | 70



Resolved prior to investigation | 58



Withdrawn | 25



Still in investigation | 25



Dismissed prior to investigation | 19



Matters not dismissed and pending
expedited / alternative resolution | 13



Dismissed after report | 14



Referred to hearing | 11



S118 - no investigation | 0

REGULATORY HIGHLIGHTS

REGISTRATION

Changes have been made to the initial application and review processes. These improvements are being rolled out in 2022 through the new registrant portal.

PATIENT RELATIONS PROGRAM

The patient relations program is in place to provide funding for therapy or counselling to support patients with complaints of sexual abuse or sexual misconduct.

There have been no changes to the CRNA's patient relations program. In the last year, there were seven complaints alleging sexual abuse or sexual misconduct. One individual who made a complaint accessed the patient relations program.

CONDUCT

Newly developed tools and processes enabled complaints to be processed in a more efficient way. Complaints were moved to expedited and alternate resolution (EAR) or investigation within one month, minimizing backlog and improving timely disposition, and in most cases, particularly where EAR was invoked, resolving complaints within 60-days.

SEXUAL ABUSE/MISCONDUCT TOWARDS PATIENTS

- 7 | Complaint allegations received
- 2 | Still in investigation
- 2 | No jurisdiction
- 2 | Dismissed
- 1 | Withdrawn
- 0 | Findings

REGULATORY HIGHLIGHTS

CONTINUING COMPETENCE PROGRAM

In 2021, we introduced changes to the way registrants participate in and meet the Continuing Competence Program requirements. These changes included the development and use of a streamlined attestation model for registrants to complete at renewal.

STANDARDS OF PRACTICE

We responded to inquiries about the need for explicit direction for registrants when advertising health services by creating the *Advertising Standards*.

Changes in legislation and regulation removed regulatory barriers that had previously restricted NPs from authorizing cannabis for medical purposes. As a result, we developed the *Cannabis for Medical Purposes: Standards for Nurse Practitioners* that outlines the expectations and accountabilities of the NP when authorizing cannabis for medical purposes.

Revisions to current CRNA standards included an update to the *Scope of Practice for Registered Nurses*, and the *Prescribing Standards for Nurse Practitioners*. Revisions reflected changes to educational requirements when prescribing suboxone, new options for prescribing courses for opioid agonist therapy, and legislation changes that allow nurse practitioners to accept drug samples. These legislative changes also required revisions to the *Medication Management Standards*. The *Nursing Education Program Approval Standards* were also revised to align with the *Entry-level Competencies for the Practice of Registered Nurses*.

In 2020-21, we developed two new standards and revised five existing standards of practice as follows:

New

- *Advertising Standards*
- *Cannabis for Medical Purposes: Standards for Nurse Practitioners*

Revised

- *Medication Management Standards*
- *Nursing Education Program Approval Standards*
- *Prescribing Standards for Nurse Practitioners*
- *Scope of Practice for Registered Nurses*
- *Scope of Practice for Nurse Practitioners*

No standards of practice were withdrawn.

KEY PRIORITIES

INDIGENOUS HEALTH

Indigenous peoples within Turtle Island are being heard; September 30, 2021, marked Canada's first National Day for Truth and Reconciliation

“to commemorate the history and ongoing trauma caused by residential schools and to honour those who were lost and the survivors, families and communities who continue to grieve.”

We are making it a priority for all registrants and staff to gain an understanding and perspectives of Indigenous people, especially when it comes to our health system. Our course for registrants and staff, *Stronger Together: Learning Through Indigenous Perspectives* focuses on increasing knowledge of Indigenous peoples and promotes nursing care in Alberta that is compassionate and trauma-informed.

In 2020-21, we continued to provide ongoing educational sessions and workshops for College employees to support the CRNA's progressive culture of inclusivity and diversity.

RIGHT-TOUCH REGULATION

Right-touch regulation is an approach to regulatory decision making that ensures regulators are proportionate, consistent, targeted, transparent, accountable and agile in their approach. Right-touch regulation emphasizes using only as much regulation as necessary to achieve the desired effect.

In our ongoing pursuit of regulatory excellence, we committed to reviewing all of our functions and activities using a Right-touch regulation lens. To date, this work has increased our organizational efficiency and effectiveness, and has contributed to embedding Right-touch principles and elements across the organization, including in our governance framework, strategic direction, decision making and operational practices.

GOVERNANCE REFORM

GOVERNANCE

To date, our Council has implemented six of the nine recommendations from the *Governance Review Findings Report and Recommendations*. This has included:

- Transitioning from the Carver governance model to a reform governance model.
- Revising and developing new bylaws, governance policies and operational policies to align with reform governance.
- Balancing the composition of registrants and public representatives on the Council through structural changes.
- Making changes to governance committees to clarify their duties and responsibilities to align with reform governance.
- Adopting a competency-based approach to select governance committee members, regulatory committee members and chairs of these committees.
- Adopting a comprehensive orientation, training and onboarding process for Council, governance committee and regulatory committee representatives.

Our Council is in the process of implementing the remaining three recommendations over the next year, which includes:

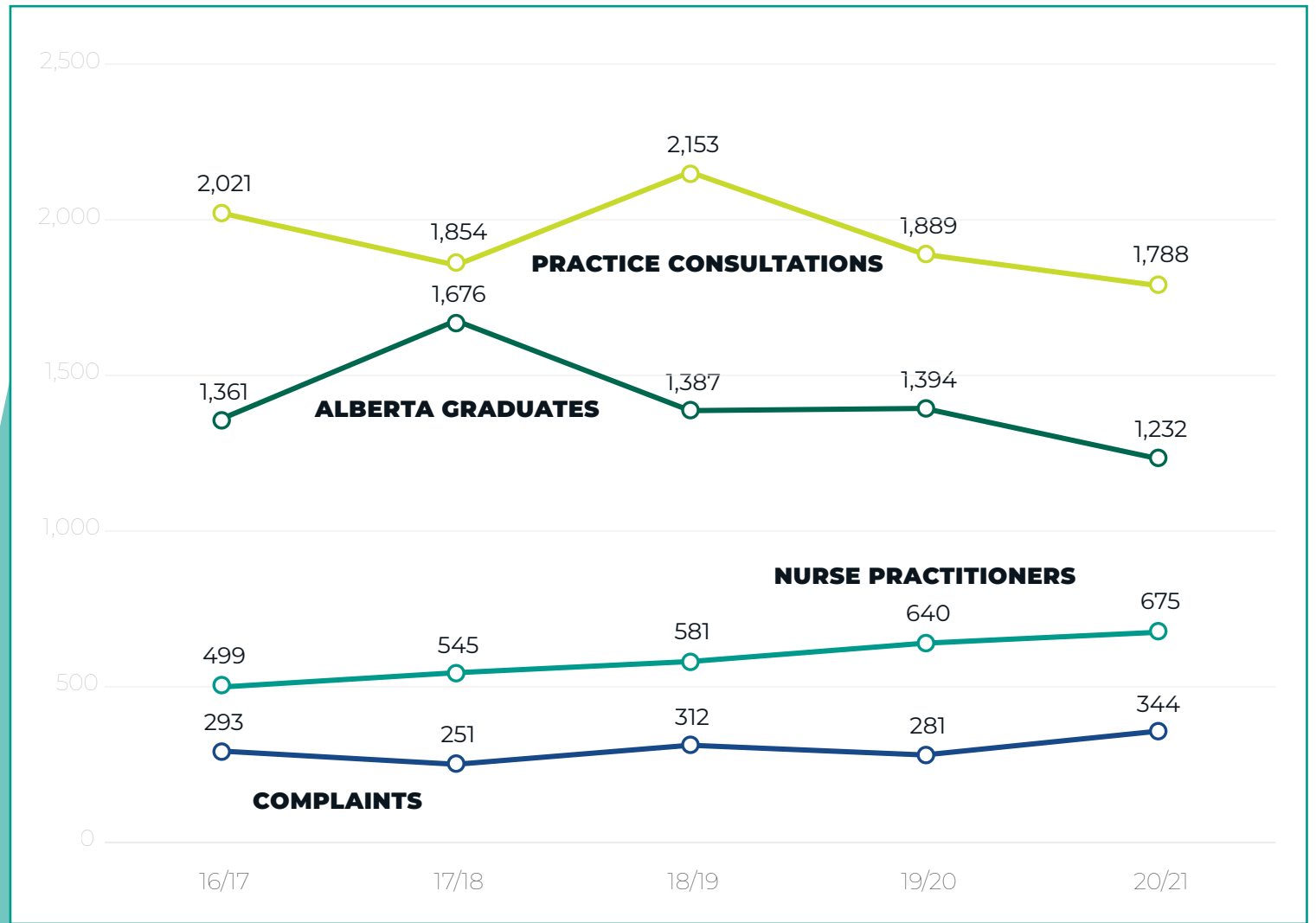
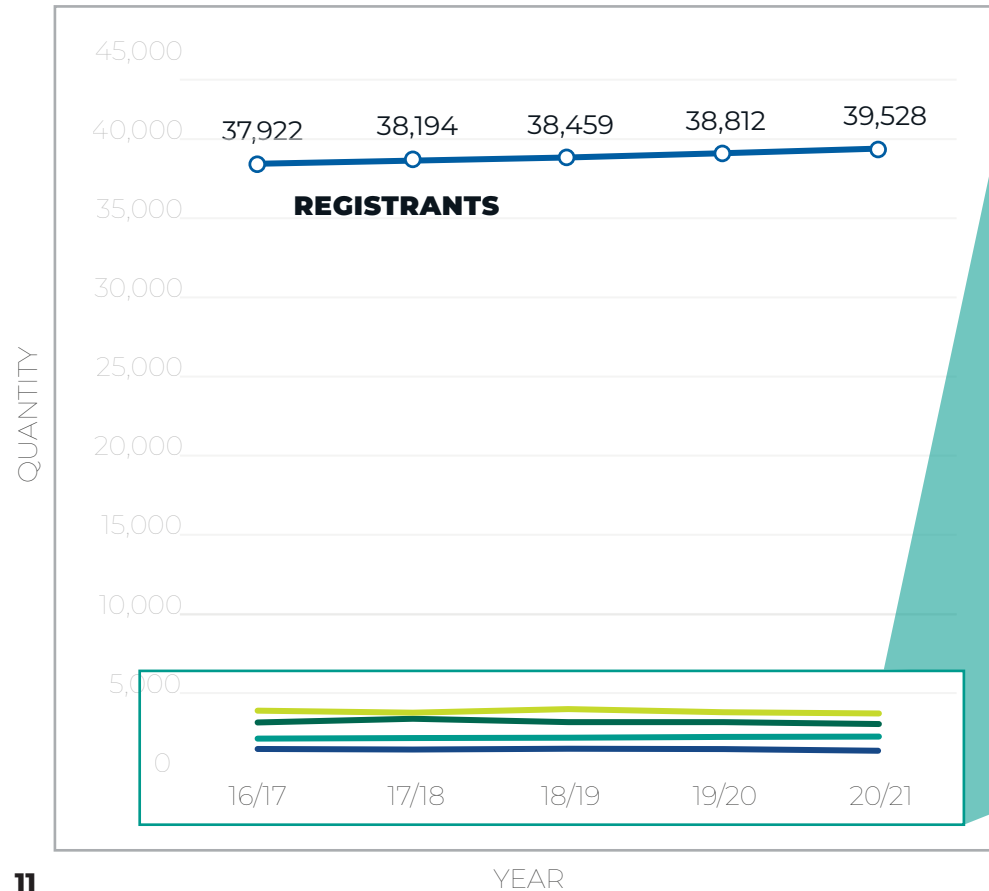
- Aligning our strategic direction with Right-touch regulation and performance oversight.
- Adopting a competency-based approach to selecting Council representatives.
- Developing a new Council chair selection process.

MOVE TO A SINGLE MANDATE REGULATOR

In August 2020, Council unanimously voted to move to a single mandate regulator. Since that time, significant work has occurred to support the transition:

- In October 2020, the College established a joint steering committee to initiate the development of a new nursing association. The joint steering committee was composed of nurse leaders from all designations of nursing.
- In December 2020, we received information and recommendations that set the groundwork for identifying regulator versus association functions.
- In June 2021, Council approved a new logo, brand and trade name to reflect the College's single regulatory mandate.
- In September 2021, Council approved a new five-year *Strategic Direction (2021-2026)*.
- Over the past year, we have revised and developed new bylaws, governance policies and operational policies to enhance our ability to govern in the public interest and to support our transition to a single mandate regulator.

YEARLY TRENDS



STRATEGIC DIRECTION

2021 - 2026

BEHAVIOURS

Open to new ideas | Confront the truth | Follow through on our commitments

VISION

Excellence in nursing regulation for the health of all Albertans.

MISSION

Protect and serve the public interest using Right-touch regulation.*

Proportionate

Regulators should only intervene when necessary. Remedies should be appropriate to the risk posed, and costs identified and minimized.



Consistent

Rules and standards must be joined up and implemented fairly.



Targeted

Regulation should be focused on the problem, and minimize side effects.



Transparent

Regulators should be open, and keep regulations simple and user-friendly.



Accountable

Regulators must be able to justify decisions, and be subject to public scrutiny.



Agile

Regulation must look forward and be able to adapt to and anticipate change.



*Principles adapted from Professional Standards Authority for Health and Social Care, September 2018.

STRATEGIC GOALS

STRATEGIC OBJECTIVES

Progressive Culture

Leading with people

People-first

We are committed to attracting the best people, engaging and developing a workforce that embodies our values of integrity, respect, accountability and professionalism.

Trust

We support each other and challenge ideas to be better while respecting and supporting decisions collectively as one.

Diversity, Equity and Inclusion

We provide culturally sensitive, fair, impartial access to opportunities and resources for people.

Fairness

We consistently apply transparent processes designed to reduce bias and encourage diversity of perspectives.

Collaborative Partnerships

Learning through relationships

Stakeholders

We continually improve our regulatory practice by building relationships inclusive of government, the CRNA's Council, employers, healthcare professionals and the public.

Collaboration

We believe in working together for collective wisdom, avoiding siloed behaviour, and a workplace that produces open dialogue.

Experts

We seek and utilize external expertise when needed.

Alberta Federation

We share and learn via active participation.

Fiscal Stewardship

Seek value and spend prudently

Be Forward-looking

We balance short-term with moderate to long-term thinking and investments.

Ensure Efficiency and Effectiveness

We apply lean thinking to reduce wasteful processes and invest resources in value-added activities.

Incorporate Risk Assessment

We ensure decisions are risk informed applying the College's risk management framework.

Maintain Financial Viability

We balance the budget and reinvest to advance the College's regulatory mandate.

Organizational Excellence

The right things done right

Competence

We develop accountable leaders that empower others to achieve exceptional results. We seek employees with a challenge positive attitude that fit the CRNA's culture.

Decision Quality

We use Right-touch thinking, commit to effective governance and delegation of authority. We leverage secured, accessible, quality data to drive performance measurement and analytics.

Transformation

We commit to the development of effective executive and operational teams. We challenge the status quo and commit to continual improvement and effective communications.

Implementation Excellence

We use effective project portfolio and change management processes to ensure investments are delivering sustainable value in alignment with legislation and the CRNA strategy.

College and Association of Registered Nurses of Alberta

Financial Statements
September 30, 2021



Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of College and Association of Registered Nurses of Alberta (CARNA) as at September 30, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The CARNA's financial statements comprise:

- the statement of financial position as at September 30, 2021;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Responsibilities of management and those charged with governance for the financial statements

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

PricewaterhouseCoopers LLP
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In preparing the financial statements, management is responsible for assessing CARNA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CARNA or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CARNA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CARNA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CARNA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Edmonton, Alberta
December 10, 2021

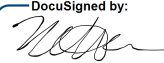
College and Association of Registered Nurses of Alberta

Statement of Financial Position

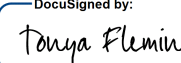
As at September 30, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	35,303,201	31,876,912
Accounts receivable	101,247	51,434
Prepaid expenses (note 4)	977,290	1,221,582
Assets held for sale (note 6)	-	1,099,453
	<u>36,381,738</u>	<u>34,249,381</u>
Investments (note 5)	7,863,953	7,502,146
Capital assets (note 6)	10,947,709	10,945,338
Employee future benefits (note 7)	14,209,800	9,767,000
	<u>69,403,200</u>	<u>62,463,865</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,327,313	1,222,061
Accrued vacation payable	992,997	774,320
Deferred registration fee revenue	23,253,960	23,002,532
Deferred grants	-	7,454
Debt obligations (note 10)	2,267,061	3,025,315
	<u>27,841,331</u>	<u>28,031,682</u>
Long-term liabilities		
Debt obligations (note 10)	2,689,312	4,956,359
Deferred contributions relating to capital assets (note 8)	3,645,176	3,596,638
	<u>34,175,819</u>	<u>36,584,679</u>
Net Assets		
Invested in capital assets	4,511,488	2,695,538
Internally restricted fund (note 9)	-	1,000,000
Unrestricted fund	30,715,893	22,183,648
	<u>35,227,381</u>	<u>25,879,186</u>
	<u>69,403,200</u>	<u>62,463,865</u>

Approved by the Council

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Member

DocuSigned by:

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Member

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

College and Association of Registered Nurses of Alberta

Statement of Operations

For the year ended September 30, 2021

	2021 \$	2020 \$ (Restated – note 12)
Revenue		
Registration fees	23,854,953	23,804,985
CNA affiliate fee	(2,426,653)	(2,378,239)
CNPS fees	(2,342,973)	(1,617,051)
Investment income (note 5)	607,949	733,403
Other fees	618,338	647,041
Amortization of deferred capital contributions (note 8)	557,527	605,064
Sundry	237,772	561,253
Grants	7,454	14,632
	<u>21,114,367</u>	<u>22,371,088</u>
Expenses (schedule)		
Corporate services	6,120,972	6,964,235
Registration and conduct	4,938,489	6,697,176
Professional practice support	2,581,256	2,935,261
Human resources and communications	1,129,818	1,225,755
Executive office	895,755	1,161,631
Amortization	676,234	832,702
Enterprise projects	655,397	181,392
Contribution to ARNET	385,128	370,155
Governance	332,747	443,459
	<u>17,715,796</u>	<u>20,811,766</u>
Excess of revenue over expenses before extraordinary and other items	<u>3,398,571</u>	<u>1,559,322</u>
Extraordinary and other items		
Gain on sale of capital assets (note 6)	3,331,873	-
Seeding funding to new association (note 9)	(1,000,000)	-
Pension special payment	(206,349)	-
	<u>2,125,524</u>	<u>-</u>
Excess of revenue over expenses for the year	<u>5,524,095</u>	<u>1,559,322</u>

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

College and Association of Registered Nurses of Alberta

Statement of Changes in Net Assets

For the year ended September 30, 2021

				2021	2020
	Invested in capital assets \$	Internally restricted fund \$ (note 9)	Unrestricted \$	Total \$	Total \$
Net assets – Beginning of year	2,695,538	1,000,000	22,183,648	25,879,186	18,685,764
Excess of revenue over expenses for the year	-	(1,000,000)	6,524,095	5,524,095	1,559,322
Investment in capital assets – net	1,815,950	-	(1,815,950)	-	-
Remeasurements and other items of employee future benefits	-	-	3,824,100	3,824,100	5,634,100
Net assets – End of year	4,511,488	-	30,715,893	35,227,381	25,879,186

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

College and Association of Registered Nurses of Alberta

Statement of Cash Flows

For the year ended September 30, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Registration fees	24,117,379	23,490,475
Investment income	303,695	489,904
Other income	795,299	1,166,317
Cash paid to suppliers and employees	(22,841,604)	(23,530,138)
Interest paid on debt obligations	(227,993)	(296,751)
	<u>2,146,776</u>	<u>1,319,807</u>
Investing activities		
Proceeds on sale of investments	3,798,894	1,951,902
Purchase of investments	(3,852,866)	(2,205,695)
Purchase of capital assets	(678,605)	(844,219)
Proceeds on sale of capital assets	4,431,326	-
	<u>3,698,749</u>	<u>(1,098,012)</u>
Financing activities		
Proceeds from debt obligations	-	2,857,441
Externally restricted contributions for purchase of capital assets (note 8)	606,065	560,595
Repayments of debt obligations	(3,025,301)	(2,794,815)
	<u>(2,419,236)</u>	<u>623,221</u>
Increase in cash and cash equivalents during the year	3,426,289	845,016
Cash and cash equivalents – Beginning of year	<u>31,876,912</u>	<u>31,031,896</u>
Cash and cash equivalents – End of year (note 3)	<u>35,303,201</u>	<u>31,876,912</u>

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

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2021

1 Purpose of organization

College and Association of Registered Nurses of Alberta (CARNA) is responsible for protecting the public through safe, competent and ethical nursing practices. On August 19, 2020, CARNA Council voted unanimously to move to a single mandate regulatory organization with a commitment to develop and grow a new association. CARNA, incorporated under the Health Professions Act (RSA 2000), is a not-for-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

2 Summary of significant accounting policies

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

Measurement uncertainty

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

Investments

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

Investments are recorded at fair value on the latest closing bid price. This accounting treatment results in unrealized changes in the market value of the investment portfolio being reported as a component of fair value changes on the statement of operations. The current year includes an unrealized gain of \$302,997 (2020 – \$203,514) resulting from net unrealized portfolio gains and losses that have occurred during the year.

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

Cash and cash equivalents

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

Capital assets

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

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2021

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

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

Buildings	3 1/3%
Building improvements	10% – 20%
Software & IT programming	20%
Furniture and equipment	10% – 33 1/3%

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

Employee future benefits

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

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

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

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

Deferred registration fee revenue

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

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2021

Deferred contributions

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

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

Foreign exchange

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

Revenue recognition

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

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

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

- Registration fees

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

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

- Other fees

Other fees comprise the following:

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

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Notes to Financial Statements

September 30, 2021

b) Temporary, courtesy and limited permits: These fees are set by the Governing Council of CARNA. The revenue generated is recognized in the fiscal year to which it relates.

- Investment income

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

- Grants

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

- Sundry

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

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

3 Cash and cash equivalents

	2021	2020
	\$	\$
Cash	2,772,333	7,635,156
Canadian Money Market Funds Series O through Phillips, Hager & North Investment Management. The funds' one-year gross rate of return was 0.29% from October 1, 2020 to September 30, 2021	32,530,868	24,241,756
	<u>35,303,201</u>	<u>31,876,912</u>

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2021

4 Prepaid expenses

	2021 \$	2020 \$
CNA affiliation fees	619,494	611,848
CNPS fees	-	348,752
Other	357,796	260,982
	<u>977,290</u>	<u>1,221,582</u>

5 Investments

	2021 \$	2020 \$
Fixed income measured at fair value with maturities ranging between 2024 and 2045 with a weighted average time to maturity of 7.52 years and weighted average yield to maturity of 1.84% per annum	4,868,759	4,913,020
Common equities measured at fair value	2,995,194	2,589,126
	<u>7,863,953</u>	<u>7,502,146</u>

Investments include United States dollar denominated investments and equivalents of \$1,257,667 (2020 – \$1,322,413). These assets have been translated and presented in Canadian dollars at the year-end exchange rate.

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

	2021 \$	2020 \$
Interest	233,085	461,028
Unrealized gain on investments	302,997	203,514
Dividends	67,035	61,052
Realized gain on investments	4,832	7,809
	<u>607,949</u>	<u>733,403</u>

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2021

6 Capital assets

			2021	2020
	Cost \$	Accumulated amortization \$	Net \$	Net \$
178 Street Property				
Land	3,873,887	-	3,873,887	3,873,887
Building and building improvements	6,362,786	597,969	5,764,817	5,875,669
Software & IT programming	307,008	33,945	273,063	-
Furniture and equipment	2,329,943	1,294,001	1,035,942	1,195,782
	<u>12,873,624</u>	<u>1,925,915</u>	<u>10,947,709</u>	<u>10,945,338</u>

During the year ended September 30, 2018, CARNA Council approved a motion for management to start the sale process for the 11620 – 168 St. location. Through the use of a commercial real estate firm, the former CARNA office was placed on the market for sale in May of 2018. On December 22, 2020, CARNA signed the vendor's acceptance offer to purchase capital assets at the former CARNA office. As a result of the sale of capital assets, a gain on sale of capital assets of \$3,331,873 occurred. This sale included the land, building and furniture and equipment.

In summary, the gain on sale is a result of:

	2021 \$
Sales price	4,650,000
Net book value of assets held for sale	(1,099,453)
Expenses/commissions	<u>(218,674)</u>
Total	<u>3,331,873</u>

Proceeds from the sale of assets were deposited in the CARNA's bank account on December 31, 2020. On January 3, 2021, CARNA used a portion of the net proceeds from the sale to pay the remaining loan balance on Loan Facility #1 (note 10).

7 Employee future benefits

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

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

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Notes to Financial Statements

September 30, 2021

CARNA measures its accrued employee future benefit obligation and the fair value of plan assets using the valuation for funding as at June 30 each year. The most recent actuarial valuation of the pension plan for funding purposes was as at June 30, 2021 and the next required valuation will be as at June 30, 2024.

	2021	2020
	\$	\$
Fair value of plan assets	54,092,900	49,975,800
Accrued benefit obligation	(39,883,100)	(40,208,800)
Plan surplus	<u>14,209,800</u>	<u>9,767,000</u>

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

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

	2021	2020
	%	%
Discount rate	4.40	4.30
Salary increases	3.50	3.25
Inflation	2.00	2.00

Total cash payments for employee future benefits for 2021, consisting of cash contributed by CARNA to the registered pension plan, were \$2,036,400 (2020 – \$2,188,500).

8 Deferred contributions relating to capital assets

Deferred contributions relating to capital assets represent externally restricted contributions collected from the registrants of CARNA for the purpose of capital acquisitions as approved by the Governing Council. As at September 30, 2021, \$2,165,327 (2020 – \$2,237,867) of the funds had not been expended. The change in the deferred capital contribution balance is as follows:

	2021	2020
	\$	\$
Balance – Beginning of year	3,596,638	3,641,107
Contributions received	606,065	560,595
Amounts amortized to revenue	(557,527)	(605,064)
Balance – End of year	<u>3,645,176</u>	<u>3,596,638</u>

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2021

9 Restriction on net assets

	<u>2021</u>	<u>2020</u>
	Seed funding \$	Total \$
Balance – Beginning of year	1,000,000	-
Current year expenditures	(1,000,000)	-
Internal restriction	-	1,000,000
	<hr/>	<hr/>
Balance – End of year	-	1,000,000

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

10 Debt obligations

	2021 \$	2020 \$
Debt obligation under fixed rate loan – facility 1	-	2,725,225
Debt obligation under fixed rate loan – facility 2	2,772,699	2,852,729
Debt obligation under non-revolving term facility – facility 3	2,183,674	2,403,720
	<hr/>	<hr/>
	4,956,373	7,981,674
Less: Current portion	2,267,061	3,025,315
	<hr/>	<hr/>
	2,689,312	4,956,359

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

On January 3, 2021, CARNA repaid the outstanding balance under the fixed rate loan – facility 1.

As at September 30, 2021, CARNA was in compliance with all of the covenants required under these debt obligations.

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Notes to Financial Statements

September 30, 2021

Debt obligation under a fixed rate loan – facility 2

In 2018, CARNA entered into a fixed rate loan from Royal Bank of Canada (RBC) for a five-year term at 4.10% per annum, repayable in monthly blended payments of \$16,292. The loan was being amortized over 25 years with its first renewal date on January 3, 2023.

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

	\$
2022	83,387
2023	<u>2,689,312</u>
	<u>2,772,699</u>

Debt obligation under a non-revolving term facility – facility 3

In 2019, CARNA had a non-revolving term loan facility with RBC. As at September 30, 2019, CARNA had drawn \$2,142,559 at the bank's prime rate of 3.95% of an interest-only term loan with a limit of \$2,500,000.

As at April 29, 2020, the outstanding loan balance of \$2,500,000 was consolidated into a non-revolving term facility for a two-year term at 3.2% per annum, repayable in monthly blended payments of \$24,480 with a due date of May 29, 2022.

Principal repayments required under the non-revolving term facility – facility 3 under the current obligation terms are as follows:

	\$
2022	<u>2,183,674</u>

Interest expense related to the debt obligations was \$227,993 (2020 – \$296,751) and was recorded in corporate services expense on the statement of operations.

11 Financial instruments

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

With the exception of investments which are recorded at fair value, the fair values of financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2021

CARNA is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks as at September 30, 2021.

Credit risk

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

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

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

Market and other price risk

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

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

In March 2020, the outbreak of COVID-19 caused by a novel strain of coronavirus was recognized as a pandemic by the World Health Organization. COVID-19 introduced uncertainty and volatility in global markets and economies. The length and extent of the impact of the virus on the fair value of the investments still cannot be fully predicted at this time.

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2021

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Management monitors cash flow to ensure it is able to pay debt obligations and liabilities as they come due. Refer to note 10 for further details on aggregate minimum payments. The investments may create liquidity risk if CARNA is required to sell at a time when the market for the investments is unfavourable.

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

Currency risk

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

12 Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation, this includes expenditures on the statement of operations.

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

College and Association of Registered Nurses of Alberta

Schedule of Expenses

For the year ended September 30, 2021

	2021 \$	2020 \$ (Restated – note 12)
Corporate services		
Operations		
Staff costs	2,070,697	2,161,932
Administration	1,233,173	1,720,149
Facilities and equipment costs	1,433,895	1,398,951
Applications and data management		
Computer consulting, software and licensing	444,856	433,705
Business process improvement		
Staff costs	585,059	776,393
Information management		
Staff costs	271,225	366,743
Library and records	69,586	86,017
Record retention and destruction	12,481	20,345
	<u>6,120,972</u>	<u>6,964,235</u>
Registration and conduct		
Registration services		
Staff costs	1,744,643	2,356,362
Legal fees and support	71,619	82,948
Registration resources and operations		
Regulatory committees	67,532	69,584
Legal fees and support	86,609	82,626
Annual registration renewal process	57,359	55,156
NP exam and NP SEC assessment	17,218	-
Professional conduct and complaints		
Staff and contracted investigation costs	2,626,685	3,247,617
Regulatory committees	60,209	107,166
Legal fees and support	206,615	695,717
	<u>4,938,489</u>	<u>6,697,176</u>
Professional practice support		
Regulatory and competence		
Staff costs	1,732,537	1,965,471
Regulatory committee	62,167	51,919
Professional development and knowledge		
Staff costs	471,216	578,815
Resources and support	5,574	6,666
Practice support		
Staff costs	304,993	326,988
Legal fees and support	2,119	749
External relations	2,650	4,653
	<u>2,581,256</u>	<u>2,935,261</u>

College and Association of Registered Nurses of Alberta

Schedule of Expenses...continued

For the year ended September 30, 2021

	2021 \$	2020 \$ (Restated – note 12)
Human resources and communications		
Human resources		
Staff costs	511,061	487,449
Legal fees and support	90,116	10,134
Communications		
Staff costs	478,208	404,072
External communications	41,391	314,033
Member events	9,042	10,067
	<u>1,129,818</u>	<u>1,225,755</u>
Executive office		
Staff costs	847,989	978,708
External relations	23,766	56,134
Public and government relations	24,000	112,157
Grant related costs	-	14,632
	<u>895,755</u>	<u>1,161,631</u>
Enterprise projects		
Contracted services	413,180	74,399
Project management	151,140	87,942
Legal counsel	91,077	-
Temporary and contract staff costs	-	9,304
Training	-	5,125
Change management	-	4,622
	<u>655,397</u>	<u>181,392</u>
Governance		
Council and committee costs	327,543	431,084
Annual general meeting	-	12,375
Elections	5,204	-
	<u>332,747</u>	<u>443,459</u>

ANNUAL REPORT

2020 to 2021

Approved by the College of Registered Nurses of Alberta
(CRNA) Council, March 2022.

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