

ANNUAL REPORT 2021 to 2022

YEAR IN REVIEW




NICOLE LETOURNEAU, PhD, RN, FCAHS, FAAN
COUNCIL CHAIR




JOY PEACOCK, BSN, MSc, RN
CEO & REGISTRAR

We are pleased to present the College of Registered Nurses of Alberta's (CRNA) 2021-2022 Annual Report.

The College and Association of Registered Nurses of Alberta (CARNA) is operating as College of Registered Nurses of Alberta (CRNA) until the *Health Professions Act* can be amended to reflect the name change. The attached financial statements reflect the College's name as per the *Health Professions Act*.

During the fiscal year, we focused on innovating at the College, finalizing our move to a single-mandate regulator, developing new streamlined processes to support governance and registration, and aligning our decision-making to Right-touch thinking.

Transition to Single Mandate

This year marked the completion of our transition to becoming a single-mandate regulator and the divestment of our association functions and activities. Council approved bylaw amendments necessary to support the change, and the organization adopted a new logo and brand, including a new website, to align with our new single mandate.

The divestment included the CRNA no longer collecting fees on behalf of external organizations during the permit application process. Accordingly, our [Canadian Nurses Protective Society \(CNPS\)](#) membership was transferred to the new [Alberta Association of Nurses \(AAN\)](#). Registrants can now obtain professional liability protection from the [AAN](#) or [CNPS](#).

New Competency-Based Appointment Processes

Council Chair

In the spirit of regulatory excellence, Council approved a new competency-based process for selecting a Council chair from among sitting councillors. Moving to competency-based methods allows the organization to focus on selecting a councillor with the right competencies, experience and skills to lead and chair Council. A *Competencies and Attributes Profile* and defined *Eligibility Criteria* were developed to guide and assist councillors in choosing a new chair. Chair candidates were required to submit an expression of interest and conduct a presentation to Council.

Registrants on Council

The CRNA also introduced a new competency-based process to select and appoint registrants to Council. This process required interested registrants to:

- Submit an *Expression of Interest*.
- Be screened to confirm Alberta residency and good standing.
- Compare their application against the *Council Competencies and Attributes Profile*.
- Be interviewed by two members of Council (one public member and one registrant member) and a representative from an external firm specializing in governance.

YEAR IN REVIEW

- Be recommended for appointment by the Nominating Committee.
- Receive approval by Council.

The role was advertised on the College's job board, emailed to all registrants, and posted on the online registrant portal and social media. The process resulted in two new registrant appointments to Council: Jennifer Eyford and Graham Newton.

Statement on Committees

Much of the College's regulatory work is guided by committees composed of registrants and public members with various skill sets. Each committee plays a critical role in delivering our legislative mandate, and we thank them for their contributions.

Our governance committees, required by our bylaws and governance policies, are composed of members of Council and include:

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

Our regulatory committees, required under the *Health Professions Act (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
- Pension Compliance Committee
- Registration Committee
- Registration Review Committee

Finances

In 2021-2022, we:

- Continued the investment in our information management system to enable innovation and transformation in registration practices and technologies to provide better services to registrants.
- Continued our focus on performance, process improvement, risk assessment and business transformation.
- Applied consistent planning and budgeting principles to inform Council and guide management toward continuing financial stewardship and achieving our strategic objectives.
- Council approved the principles for a new multi-year permit fee framework.
- Invested in projects, including enhancing the bylaw and governance policy framework, transitioning to a single-mandate regulator, and embedding Right-touch thinking and processes.

YEAR IN REVIEW

Farewell to Chair Letourneau

On Sept. 30, 2022, Councillor Nicole Letourneau's term as the chair of Council ended. During a global pandemic, Councillor Letourneau was instrumental in leading the organization's quick and agile responses to legislative, regulatory and governance changes. Under her leadership the College has:

- Undergone significant governance reform.
- Developed and approved a forward-looking new strategic direction.
- Transitioned the organization to a single-mandate regulator.
- Facilitated the development of a new Alberta-based association for all nurses.
- Enhanced and expedited processes for registrants (e.g., moving to attestation for the continuing competence program, expedited registration and renewal processes).

Councillor Letourneau provided steadfast leadership during the pandemic. Her hard work and dedication to the College are greatly appreciated. We are pleased to announce that Nicole will continue to serve on Council as the chair of the Nominating Committee for an additional two years, effective Oct. 1, 2022, to Sept. 30, 2024.



COUNCIL MEMBERS

In 2021, Council acknowledged the loss of one of its registrant members, Andrew Nguyen. He was a shining star in the nursing community and a valued and respected member of Council.

During the fiscal year, Council bid farewell to two and welcomed three public representatives appointed by the [Government of Alberta](#). In addition, Council also bid farewell to two and welcomed two registrant members.

We appreciate and commend the Council members for their commitment and dedication in leading, guiding and enhancing the organization's ability to effectively regulate the profession in the public's interest. We would like to specifically acknowledge the tremendous value that has been achieved through increasing the complement of public members to 50 per cent. This has been instrumental in moving our work forward and increasing our focus on protecting the public.

The CRNA would like to recognize all Council members who served.

Registrant Members

Amy Deagle



TERM ENDED IN 2022

Ashley Woytuik



Ashna Rawji



Derrick Cleaver



Graham Newton



APPOINTED IN
SEPTEMBER 2022

Jennifer Eyford



APPOINTED IN
SEPTEMBER 2022

Justin Burkett



Nicole Letourneau



Suzanna Carl



Tyler Burley



TERM ENDED IN 2022

Public Members

Bonnie Sansregret



APPOINTED IN
SEPTEMBER 2022

Jill Taylor



JoAnn Cazakoff



TERM ENDED IN 2022

Kim Ewasechko



Peter Obiefuna



Scott Garner



Steve Armstrong



Susan Roskey



Tonya Fleming



TERM ENDED IN 2022

40,014

REGISTRANTS



38,775
registered nurses (RN)

389
graduate nurses (GN)



812
nurse practitioners (NP)

32
graduate nurse
practitioners (GNP)



6
certified graduate
nurses (CGN)



143 | courtesy registrants



134 | emergency subcategory



1 | virtual care subcategory*



2 | vaccine administration
subcategory



21 | RNs authorized to prescribe
schedule 1 drugs and order
diagnostic tests



2,521 | non-practising class

Applications

2,975 | new applications

2,261 | new permits

1,519 | permits not renewed

1,077 | permits cancelled for non-renewal

10 | permits denied

* **New this year:** The virtual care subcategory was launched in partnership with the [College of Registered Nurses of Saskatchewan \(CRNS\)](#) and will include additional jurisdictions in future years.

288 COMPLAINTS

0 | Appeals

0 | Hearings closed to the public

8 | Cases sent to complaint review committee

SOURCE

Employer | 122



Public / family | 64



Co-worker | 46



Patient | 42



Complaints director S.56 of HPA | 9



Self-report | 5



Other professional body / agency | 0

Hearing tribunal | 0

NATURE

Skills / practice / knowledge | 146



Co-worker abuse / harassment | 32



Privacy breaches | 31



Fitness to practise | 12



Patient abuse | 12



Theft | 9



Sexual abuse and misconduct not towards patients | 7



Boundary | 7



Substance misuses | 6



Sexual abuse and misconduct towards patients | 5



Attendance / employer matters | 2



Other | 19



DISPOSITION*

Resolved via expedited / alternative resolution (EAR) | 258**



Investigations complete | 97**



Referred to hearing | 7



Investigations in progress | 43



Hearings held | 6



Withdrawn | 21



Section 118 | 0

Dismissed after investigation | 11



Dismissed prior to investigation | 6



* Includes files carried over from previous years.

** Where a complaint was resolved via EAR, it may also have undergone an investigation.

EAR can be effected at the pre-investigation or post-investigation stage of complaint management.

REGULATORY HIGHLIGHTS

COMPLAINTS DISPOSITION

This year's distribution is consistent with previous years. There was a slight increase in minor complaint subject matter such as off-duty conduct and pandemic-related issues. Through the continued increased use of complaint resolution agreements, including disciplinary ones, we furthered our efforts for expedited complaint resolution.

Such a resolution generated more timely access to justice and public protection. An increasing trend was we continued our application of interim agreements to offer a voluntary way to manage allegations of serious practice issues or reports of incapacity before imposing Section 65 or Section 118. We executed nine interim agreements that reduced the number of complaints handled under Sections 65 and 118.

SEXUAL ABUSE/MISCONDUCT

In the reporting year, 12 complaints were received where the conduct was characterized as sexual abuse or sexual misconduct by complainants who were patients, family of patients or co-workers. Of the allegations received, two were withdrawn by the complainant and ten moved to the investigation stage. One allegation is still being investigated and three cases are awaiting hearings.

Additionally, all registrants were required to complete the course *Protecting Patients from Sexual Abuse and Misconduct* by Sept. 30, 2022, to receive a permit.

PATIENTS 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 our patient relations program. There were 12 complaints alleging sexual abuse or sexual misconduct in the last year — four individuals who made complaints accessed the patient relations program.

REGISTRATION PRACTICES INNOVATION

Collaboration, streamlining and modernization led to registration improvements for us. A new registrant portal, College Connect, enhanced the application process for renewing and new applicants.

Application assessments focused on reducing barriers, increasing fairness and expediting permits. Actions included collaborating with employers to expedite permits required for immediate care delivery and working with the Government of Alberta to eliminate obstacles for internationally educated nurses.

REGULATORY HIGHLIGHTS

NURSING EDUCATION PROGRAMS

The CRNA is responsible for approving the programs in Alberta for initial entry and re-entry to practice as a registered nurse and for initial entry as a nurse practitioner. We approved one new nursing education program and changes to another program that supports the recruitment and retention of nurses in rural and remote areas.

To fill education gaps in entry-level competence, internationally educated nurses may need to complete bridging education during their registration process. This year we assessed the bridging education program, and it met the standards and criteria required by entry-to-practice nursing education programs.

CONTINUING COMPETENCE PROGRAM

All registered nurses, nurse practitioners and certified graduate nurses who provided nursing services in Alberta were required to complete a self-directed learning plan to meet annual continuing competence program requirements.

Registrants must keep documentation of their completed learning plan for five years should the CRNA request them for an audit.

STANDARDS OF PRACTICE

Throughout the fiscal year, a review of every standard of practice was done, and revisions were made to align with the Bill 46, *Health Statutes Amendment Act, 2020 (No. 2)*. We received feedback from the public, the [Minister of Health](#), registrants and other stakeholders for each revised standard of practice. The drafts are scheduled for Council approval after the fiscal year-end.

A new document, *Continuing Competence Standards*, is under development.

New

- None

Revised

- *Coordination of Client Care Guidelines (2022)* — Document was formerly called *Assignment of Client Care: Guidelines for Registered Nurses (2014)*

Withdrawn

- *Medical Assistance in Dying: Guidelines for Nurse Practitioners (2017)*
- *Ethical Decision-making for Registered Nurses in Alberta: Guidelines and Recommendations (2010)*

KEY PRIORITIES

INDIGENOUS HEALTH

Together at the CRNA, we have continued to learn and implement actions within our workspace. We continue to make it a priority for all registrants and staff to gain an understanding and perspectives of Indigenous peoples, particularly regarding our health system.

Our course for registrants and staff, *Stronger Together: Learning Through Indigenous Perspectives*, focuses on increasing our knowledge of Indigenous peoples and promoting nursing care in Alberta that is compassionate and trauma-informed. The course is continually updated as new information comes forward; further testimonials from [Treaty 8 Territory](#) will be added shortly. 826 registrants and staff have completed the course.

Recognizing Canada's second National Day for Truth and Reconciliation on Sept. 30, 2022, we know this work is essential. We focus on creating a safe environment for Indigenous people and those learning. In 2021-22, we continued to provide ongoing customized educational workshops and sessions to meet different departments' needs and for all employees to support our progressive culture of inclusivity and diversity.

We also renewed our commitment to countering racism and discrimination and embedding diversity, equity and inclusion principles and elements within our governance policy framework and across all aspects of the organization. We will be working with staff experts, Indigenous communities and other stakeholder groups to seek to understand, to work collaboratively to identify opportunities and to build a path forward together.

ENHANCED BYLAW AND GOVERNANCE POLICY FRAMEWORK

A review of the CRNA's bylaws and governance policy framework identified several areas for simplification, streamlining and improvement. In 2021-22, the CRNA made amendments to all bylaws and the governance policy framework to eliminate duplication, clarify delegating authorities, reduce the high volume of policies, increase controls, and enhance quality assurance and reporting.

The amended bylaws and governance policies make it considerably easier for all audiences to understand the CRNA's governance policy framework and for the CRNA to consider and introduce future amendments that may need to occur.

REGISTRATION PRACTICES INNOVATION

Right-touch regulation is an approach to regulatory decision-making that emphasizes using only as much regulation as necessary to achieve the desired effect. The CRNA is continuing to embed Right-touch thinking, approaches and processes into our work. We completed a review of the entire organization and developed several right-touch recommendations. From October 2020 to September 2022, the internal review team observed 319 meetings, conducted 121 interviews with staff, reviewed 518 documented processes and surveyed staff.

This review resulted in significant quality improvements in each department and has enabled the CRNA to be a more effective and efficient regulator. In addition, processes, policies and procedures have been improved with a lens to provide better service to registrants and increase focus on protecting and serving the public interest.

The CRNA received the [Council on Licensure and Enforcement's \(CLEAR\) Team Regulatory Excellence Award](#) for this work. This international recognition reinforces we are on the right path in our continued pursuit of regulatory excellence.

LEGISLATIVE AND REGULATORY UPDATES

HEALTH STATUTES AMENDMENT ACT

We continued to work closely with the [Government of Alberta](#) and other health profession regulators to support the proclamation of Bill 46, the *Health Statutes Amendment Act, 2020 (No. 2)*. We worked to amend and develop standards of practice to support the legislation, initiated amendments to the *Registered Nurses Profession Regulation* to align with Bill 46, and completed our transition to a single-mandate regulator.

LABOUR MOBILITY ACT REGULATION DEVELOPMENT

As part of the new *Labour Mobility Act*, regulated professionals will have an easier time transferring their permits to Alberta from other Canadian jurisdictions. The CRNA participated in engagement sessions with the [Government of Alberta](#) to discuss the development of a regulation to support the new act. We have already been working on reviewing and adjusting our processes to streamline and enhance registration processes to align with future regulation.

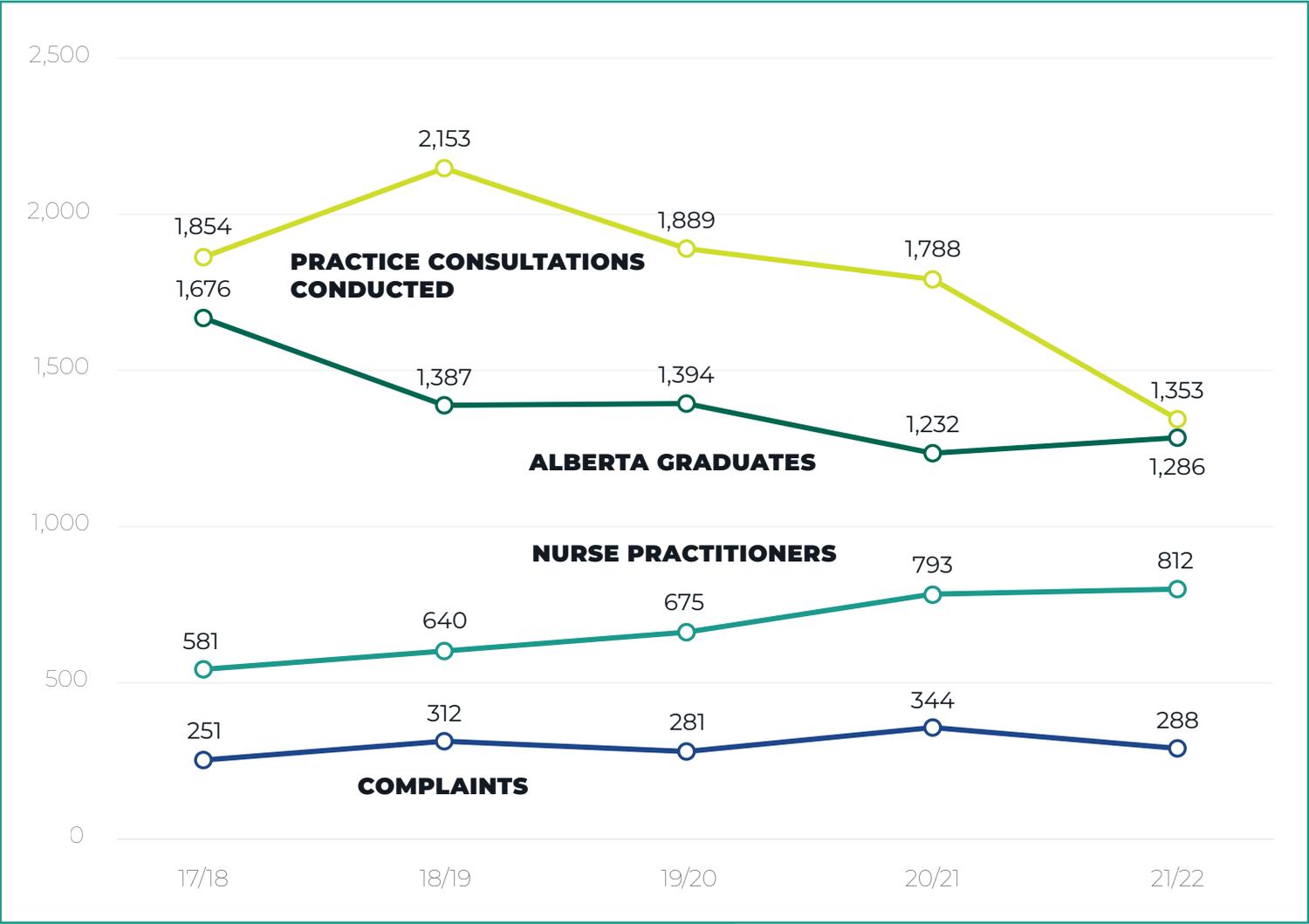
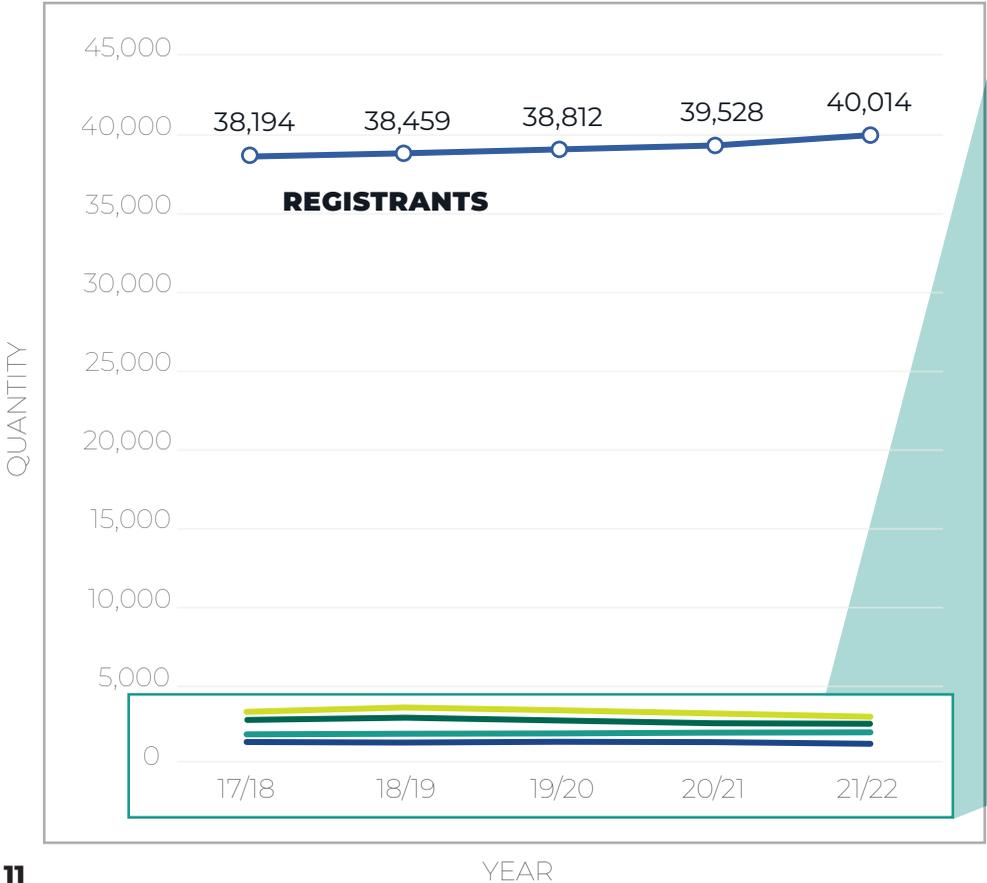
HEALTH PROFESSIONS (PROTECTING WOMEN AND GIRLS) AMENDMENT ACT

The CRNA is amending standards of practice to set expectations for registrants regarding female genital mutilation, including that they cannot procure or perform it and must intervene and report where they believe another health professional has performed or procured female genital mutilation. These actions support Bill 10, *Health Professions (Protecting Women and Girls) Amendment Act, 2022*. The legislation protects the health and safety of women and girls by strengthening existing laws that ban female genital mutilation in Alberta.

REGISTERED NURSES PROFESSION REGULATION

During the fiscal year, the CRNA began working with the [Government of Alberta](#) to amend the *Registered Nurses Profession Regulation* to support legislative changes required by the *Health Statutes Amendment Act, 2020 (No. 2)*.

YEARLY TRENDS



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

Financial Statements
September 30, 2022



Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of College and Association of Registered Nurses of Alberta (CARNA) as at September 30, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

CARNA's financial statements comprise:

- the statement of financial position as at September 30, 2022;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

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control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Edmonton, Alberta
December 9, 2022

College and Association of Registered Nurses of Alberta

Statement of Financial Position

As at September 30, 2022

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

Approved by the Council

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Member

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Member

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

College and Association of Registered Nurses of Alberta

Statement of Operations

For the year ended September 30, 2022

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

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

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

College and Association of Registered Nurses of Alberta

Statement of Cash Flows

For the year ended September 30, 2022

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

1 Purpose of organization

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

2 Summary of significant accounting policies

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

Measurement uncertainty

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

Investments

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

Investments are recorded at fair value on the latest closing bid price. This accounting treatment results in unrealized changes in the market value of the investment portfolio being reported as a component of fair value changes on the statement of operations. The current year includes an unrealized loss of \$770,557 (2021 – gain \$302,997) resulting from net unrealized portfolio gains and losses that have occurred during the year.

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

Cash and cash equivalents

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

Capital assets

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

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2022

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

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

Buildings	3 1/3%
Building improvements	10% – 20%
Furniture and equipment	10% – 33 1/3%

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

Intangible assets

Expenditures on research are recognized as an expense as incurred.

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

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

Software & IT programming	20%
---------------------------	-----

Intangible assets acquired or developed during the year are not amortized until they are placed into use. The cost and accumulated amortization for fully amortized intangible assets are removed from the movement schedule (note 7), though the assets remain in use.

Employee future benefits

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

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

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2022

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

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

Deferred registration fee revenue

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

Deferred contributions

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

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

Foreign exchange

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

Revenue recognition

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

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

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

- Registration fees

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Notes to Financial Statements

September 30, 2022

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

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

- Other fees

Other fees comprise the following:

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

- Investment income

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

- Grants

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

- Sundry

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

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

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2022

3 Cash and cash equivalents

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

4 Prepaid expenses

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

5 Investments

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

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

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

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

(5)

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2022

6 Capital assets

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

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

7 Intangible Assets

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

8 Employee future benefits

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

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

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September 30, 2022

CARNA measures its accrued employee future benefit obligation and the fair value of plan assets using the valuation for funding as at June 30 each year. The most recent actuarial valuation of the pension plan for funding purposes was as at June 30, 2022 and the next required valuation will be as at June 30, 2025.

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

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

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

	2022 %	2021 %
Discount rate	4.80	4.40
Salary increases	3.50	3.50
Inflation	2.00	2.00

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

9 Government remittances

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

10 Deferred contributions relating to capital assets

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

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

College and Association of Registered Nurses of Alberta

Notes to Financial Statements

September 30, 2022

11 Restriction on net assets

	2022	2021
	Seed Funding \$	Total \$
Balance – Beginning of year	-	1,000,000
Current year expenditures	-	(1,000,000)
Internal restriction	-	-
Balance – End of year	-	-

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

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

12 Debt obligations

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

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

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

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

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Notes to Financial Statements

September 30, 2022

Debt obligation under a fixed rate loan – facility 2

In 2018, CARNA entered into a fixed rate loan from Royal Bank of Canada (RBC) for a five-year term at 4.10% per annum, repayable in monthly blended payments of \$16,292. The loan was being amortized over 25 years with its first renewal date on January 3, 2023. Interest expense incurred with respect to facility 2 during the year was \$113,031 (2021 - \$115,471).

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

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

13 Financial instruments

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

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

CARNA is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks as at September 30, 2022.

Credit risk

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

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

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Notes to Financial Statements

September 30, 2022

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

Market and other price risk

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

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

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

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

Liquidity risk

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

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

Currency risk

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

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Notes to Financial Statements

September 30, 2022

14 Comparative figures

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

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

College and Association of Registered Nurses of Alberta

Schedule of Expenses

For the year ended September 30, 2022

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

College and Association of Registered Nurses of Alberta

Schedule of Expenses...*continued*

For the year ended September 30, 2022

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

ANNUAL REPORT 2021 to 2022

Approved by the College of Registered Nurses of Alberta
(CRNA) Council, March 2023.

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