

Registered
Nurses'
Association
of Ontario

FINANCIAL
STATEMENTS

The year ended October 31, 2014

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and all other information contained in this annual report are responsibility of the management of the Registered Nurses' Association of Ontario. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by the Board of Directors.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Association, which includes adherence by all employees to the Association's code of conduct. Management maintains a system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial information. Such information also includes data based on management's best estimates and judgments.

The Finance Committee reviews the audited financial statements and recommends them to the Board of Directors for approval. In addition, the Finance Committee meets periodically with financial officers of the Association and the external auditors, and reports to the Board of Directors thereon. The Finance Committee also reviews the annual report in its entirety.

The accompanying financial statements have been audited by the auditors who are engaged by the Board of Directors on the recommendation of the Finance Committee and whose appointment was ratified at the annual meeting of members. The auditors have access to the Finance Committee, without management present, to discuss the results of their work.



Dr. Vanessa Burkoski, RN, BScN, MScN, DHA
President



Dr. Doris Grinspun, RN, MSN, PhD, LLD(hon), O.ONT
Chief Executive Officer



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INDEPENDENT AUDITORS' REPORT

To the Members of Registered Nurses' Association of Ontario

We have audited the accompanying financial statements of Registered Nurses' Association of Ontario, which comprise the statement of financial position as at October 31, 2014, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Registered Nurses' Association of Ontario as at October 31, 2014 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

February 28, 2015
Toronto, Canada

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Statement of Financial Position

October 31, 2014, with comparative information for 2013

2014	General Fund	Permanent Education Fund	Legal Assistance Fund	PhD Fellowships Fund	Special Projects	Total
Assets						
Current assets:						
Cash	\$ 4,485,186	\$ 18,986	\$ 147,166	\$ 14,161	\$ 1,064,864	\$ 5,730,363
Accounts receivable and accrued interest	341,729	5,359	581,893	9,074	22,340	960,395
Prepaid expenses	157,913	—	—	—	5,331	163,244
Short-term investments (note 2)	200,000	—	920,000	109,789	—	1,229,789
	5,184,828	24,345	1,649,059	133,024	1,092,535	8,083,791
Investments (note 2)	784,661	585,932	4,432,066	892,095	—	6,694,754
Loans receivable	—	58,586	—	—	—	58,586
Loan receivable from General Fund (note 3)	(1,500,000)	—	1,500,000	—	—	—
Capital assets (note 4)	7,346,611	—	2,110,812	—	—	9,457,423
	\$ 11,816,100	\$ 668,863	\$ 9,691,937	\$ 1,025,119	\$ 1,092,535	\$ 24,294,554
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities (note 5)	\$ 2,543,479	\$ —	62,623	\$ —	\$ 38,467	\$ 2,644,569
Deferred revenue (note 6)	2,431,503	—	481,713	—	—	2,913,216
Deferred revenue - grants (note 7)	—	—	—	—	1,054,068	1,054,068
	4,974,982	—	544,336	—	1,092,535	6,611,853
Fund balances (note 8)	6,841,118	668,863	9,147,601	1,025,119	—	17,682,701
Commitments (note 9)	—	—	—	—	—	—
Contingent liability (note 10)	—	—	—	—	—	—
	\$ 11,816,100	\$ 668,863	\$ 9,691,937	\$ 1,025,119	\$ 1,092,535	\$ 24,294,554

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Statement of Financial Position (continued)

October 31, 2014, with comparative information for 2013

2013	General Fund	Permanent Education Fund	Legal Assistance Fund	PhD Fellowships Fund	Special Projects	Total
Assets						
Current assets:						
Cash	\$ 3,935,609	\$ 15,503	\$ 103,674	\$ 26,658	\$ 1,653,900	\$ 5,735,344
Accounts receivable and accrued interest	231,877	6,292	583,267	9,074	86,499	917,009
Prepaid expenses	266,040	—	—	—	2,373	268,413
	4,433,526	21,795	686,941	35,732	1,742,772	6,920,766
Investments (note 2)	949,381	559,596	4,495,339	987,418	—	6,991,734
Loans receivable	—	61,863	—	—	—	61,863
Loan receivable from General Fund (note 3)	(1,500,000)	—	1,500,000	—	—	—
Capital assets (note 4)	7,555,221	—	2,110,812	—	—	9,666,033
	\$ 11,438,128	\$ 643,254	\$ 8,793,092	\$ 1,023,150	\$ 1,742,772	\$ 23,640,396

Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities (note 5)	\$ 2,115,575	\$ —	\$ 69,142	\$ —	\$ 229,087	\$ 2,413,804
Deferred revenue (note 6)	2,655,423	—	498,089	—	—	3,153,512
Deferred revenue - grants (note 7)	—	—	—	—	1,513,685	1,513,685
	4,770,998	—	567,231	—	1,742,772	7,081,001
Fund balances (note 8)	6,667,130	643,254	8,225,861	1,023,150	—	16,559,395
Commitments (note 9)						
Contingent liability (note 10)						
	\$ 11,438,128	\$ 643,254	\$ 8,793,092	\$ 1,023,150	\$ 1,742,772	\$ 23,640,396

See accompanying notes to financial statements.

On behalf of the Board:



Dr. Vanessa Burkoski, RN, BScN, MScN, DHA, President



Dr. Doris Grinspun, RN, MSN, PhD, LLD(hon), O.ONT, Chief Executive Officer

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Statement of Operations

Year ended October 31, 2014, with comparative information for 2013

2014	General Fund	Permanent Education Fund	Legal Assistance Fund	PhD Fellowships Fund	Special Projects	Total
Revenue:						
Memberships	\$ 6,874,857	\$ –	\$ 1,297,717	\$ –	\$ –	\$ 8,172,574
iaBPG Centre (note 7)	905,617	–	–	–	–	905,617
Investment and other	539,088	25,841	159,096	27,014	–	751,039
Membership programs and services	112,201	–	–	–	–	112,201
Grants (note 7)	–	–	–	–	13,521,379	13,521,379
	8,431,763	25,841	1,456,813	27,014	13,521,379	23,462,810
Expenses:						
Staff costs	3,118,086	–	157,000	–	–	3,275,086
Membership programs and services	3,432,682	–	–	25,000	–	3,457,682
iaBPG Centre (note 7)	455,182	–	–	–	–	455,182
Occupancy and administration costs	481,586	232	184,507	45	–	666,370
Executive	224,668	–	–	–	–	224,668
Policy	124,158	–	–	–	–	124,158
Information management and technology	53,211	–	–	–	–	53,211
Professional fees	118,670	–	193,566	–	–	312,236
Nursing education and other initiatives (note 7)	–	–	–	–	13,521,379	13,521,379
	8,008,243	232	535,073	25,045	13,521,379	22,089,972
Excess of revenue over expenses before amortization	423,520	25,609	921,740	1,969	–	1,372,838
Amortization	249,532	–	–	–	–	249,532
Excess of revenue over expenses	\$ 173,988	\$ 25,609	\$ 921,740	\$ 1,969	\$ –	\$ 1,123,306

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Statement of Operations (continued)

Year ended October 31, 2014, with comparative information for 2013

2013	General Fund	Permanent Education Fund	Legal Assistance Fund	PhD Fellowships Fund	Special Projects	Total
Revenue:						
Memberships	\$ 5,276,266	\$ –	\$ 1,102,472	\$ –	\$ –	\$ 6,378,738
iaBPG Centre (note 7)	1,180,128	–	–	–	–	1,180,128
Investment and other	547,576	33,727	154,226	26,236	–	761,765
Membership programs and services	184,884	–	–	–	–	184,884
Grants (note 7)	–	–	–	–	12,895,571	12,895,571
	7,188,854	33,727	1,256,698	26,236	12,895,571	21,401,086
Expenses:						
Staff costs	2,817,310	–	151,500	–	–	2,968,810
Membership programs and services	2,576,975	–	–	12,500	–	2,589,475
iaBPG Centre	608,736	–	–	–	–	608,736
Occupancy and administration costs	506,587	26	209,991	26	–	716,630
Executive	208,434	–	–	–	–	208,434
Policy	115,716	–	–	–	–	115,716
Information management and technology	46,970	–	–	–	–	46,970
Professional fees	48,450	–	284,377	–	–	332,827
Nursing education and other initiatives (note 7)	–	–	–	–	12,895,571	12,895,571
	6,929,178	26	645,868	12,526	12,895,571	20,483,169
Excess of revenue over expenses before amortization	259,676	33,701	610,830	13,710	–	917,917
Amortization	243,842	–	–	–	–	243,842
Excess of revenue over expenses	\$ 15,834	\$ 33,701	\$ 610,830	\$ 13,710	\$ –	\$ 674,075

See accompanying notes to financial statements.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Statement of Changes in Fund Balances

Year ended October 31, 2014, with comparative information for 2013

2014	General Fund (note 8)	Permanent Education Fund	Legal Assistance Fund	PhD Fellowships Fund	Special Projects	Total
Fund balances, beginning of year	\$ 6,667,130	\$ 643,254	\$ 8,225,861	\$ 1,023,150	\$ –	\$ 16,559,395
Excess of revenue over expenses	173,988	25,609	921,740	1,969	–	1,123,306
Fund balances, end of year	\$ 6,841,118	\$ 668,863	\$ 9,147,601	\$ 1,025,119	\$ –	\$ 17,682,701

2013	General Fund (note 8)	Permanent Education Fund	Legal Assistance Fund	PhD Fellowships Fund	Special Projects	Total
Fund balances, beginning of year	\$ 6,651,296	\$ 609,553	\$ 7,615,031	\$ 1,009,440	\$ –	\$ 15,885,320
Excess of revenue over expenses	15,834	33,701	610,830	13,710	–	674,075
Fund balances, end of year	\$ 6,667,130	\$ 643,254	\$ 8,225,861	\$ 1,023,150	\$ –	\$ 16,559,395

See accompanying notes to financial statements.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Statement of Cash Flows

Year ended October 31, 2014, with comparative information for 2013

2014	General Fund	Permanent Education Fund	Legal Assistance Fund	PhD Fellowships Fund	Special Projects	Total
Excess of revenue over expenses	\$ 173,988	\$ 25,609	\$ 921,740	\$ 1,969	\$ –	\$ 1,123,306
Operating activities:						
Items not involving cash:						
Amortization	249,532	–	–	–	–	249,532
Unrealized gains on investments	(8,808)	(11,365)	(39,998)	–	–	(60,171)
Change in non-cash operating working capital:						
Decrease (increase) in accounts receivable and accrued interest	(109,852)	933	1,374	–	64,159	(43,386)
Increase (decrease) in prepaid expenses	108,127	–	–	–	(2,958)	105,169
Decrease in loans receivable	–	3,277	–	–	–	3,277
Increase (decrease) in accounts payable and accrued liabilities	427,904	–	(6,519)	–	(190,620)	230,765
Decrease in deferred revenue	(223,920)	–	(16,376)	–	–	(240,296)
Decrease in deferred revenue - grants	–	–	–	–	(459,617)	(459,617)
Net cash generated from (used in) operating activities	442,983	(7,155)	(61,519)	1,969	(589,036)	(214,727)
Investing activities:						
Purchase of capital assets	(40,922)	–	–	–	–	(40,922)
Increase in cost of investments	(26,472)	(14,971)	(816,729)	(14,466)	–	(872,638)
Net cash used in investing activities	(67,394)	(14,971)	(816,729)	(14,466)	–	(913,560)
Change in cash	549,577	3,483	43,492	(12,497)	(589,036)	(4,981)
Cash, beginning of year	3,935,609	15,503	103,674	26,658	1,653,900	5,735,344
Cash, end of year	\$ 4,485,186	\$ 18,986	\$ 147,166	\$ 14,161	\$ 1,064,864	\$ 5,730,363

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Statement of Cash Flows (continued)

Year ended October 31, 2014, with comparative information for 2013

2013	General Fund	Permanent Education Fund	Legal Assistance Fund	PhD Fellowships Fund	Special Projects	Total
Excess of revenue over expenses	\$ 15,834	\$ 33,701	\$ 610,830	\$ 13,710	\$ –	\$ 674,075
Operating activities:						
Items not involving cash:						
Amortization	243,842	–	–	–	–	243,842
Unrealized gains on investments	(22,916)	(17,067)	(45,127)	–	–	(85,110)
Change in non-cash operating working capital:						
Decrease (increase) in accounts receivable and accrued interest	42,345	569	(35,347)	235	401,967	409,769
Increase in prepaid expenses	(27,253)	–	–	–	(2,373)	(29,626)
Increase in loans receivable	–	(5,251)	–	–	–	(5,251)
Decrease in accounts payable and accrued liabilities	(125,078)	–	(24,800)	–	(15,964)	(165,842)
Increase (decrease) in deferred revenue	231,563	–	23,984	–	(82,721)	172,826
Decrease in deferred revenue - grants	–	–	–	–	(239,603)	(239,603)
Net cash generated from (used in) operating activities	342,503	(21,749)	(81,290)	235	61,306	301,005
Investing activities:						
Purchase of capital assets	(14,565)	–	–	–	–	(14,565)
Increase in cost of investments	(27,464)	(16,917)	(608,167)	(26,471)	–	(679,019)
Net cash used in investing activities	(42,029)	(16,917)	(608,167)	(26,471)	–	(693,584)
Change in cash	316,308	(4,965)	(78,627)	(12,526)	61,306	281,496
Cash, beginning of year	3,619,301	20,468	182,301	39,184	1,592,594	5,453,848
Cash, end of year	\$ 3,935,609	\$ 15,503	\$ 103,674	\$ 26,658	\$ 1,653,900	\$ 5,735,344

See accompanying notes to financial statements.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements

Year ended October 31, 2014

The Registered Nurses' Association of Ontario (the "Association") is an independent, voluntary, professional association of registered nurses in Ontario, interested in providing a strong, credible voice to lead the nursing profession to influence and promote healthy public policy and promoting the full participation of all nurses in shaping and delivering health-care services now and in the future.

The Association, in conjunction with the Ministry of Health and Long-Term Care ("MOHLTC"), administers a Nursing Education Initiative ("NEI") to fund education and training grants to eligible nurses and to encourage the development of training programs for nurses so that nurses' knowledge and skills will be increased to enhance the quality of care and services provided to patients (note 7).

The Association is classified as a non-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The Association follows the deferral method of accounting for contributions in conjunction with fund accounting.

(a) Fund accounting:

Revenue and expenses relating to program delivery and administrative activities are reported in the General Fund.

Revenue and expenses relating to the activities of providing financial support, by way of loans to members continuing their nursing studies, are reported in the Permanent Education Fund. At October 31, 2014, there were 39 loans outstanding (2013 - 40).

Revenue and expenses relating to the activities of providing financial assistance (to a maximum \$10,000 per file) to eligible members for access to legal counsel concerning professional discipline and employment related issues are reported in the Legal Assistance Fund.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

1. Significant accounting policies (continued):

Revenue and expenses relating to the activities of providing annual doctoral fellowship grants to eligible candidates are reported in the PhD Fellowships Fund.

Revenue and expenses relating to the activities of programs under NEI are reported in the Special Projects fund (formerly MOHLTC Fund).

(b) Revenue recognition:

Membership fees relating to the current membership year are recorded as revenue in the accounts of the Association upon receipt. Membership fees received that correspond to the upcoming membership year are accounted for as deferred revenue as at October 31 each year and recognized as revenue in the following year.

Fees received for programs provided by the International Affairs and Best Practice Guidelines Centre ("iaBPG Centre") and other conferences and workshops are recorded as deferred revenue and recognized as revenue in the year the related expenses are incurred.

Grants received from MOHLTC for programs under NEI are recognized as revenue in the year in which the related expenses are incurred. Investment income related to NEI funding belongs to MOHLTC and is reported as a liability owing to MOHLTC when it is earned.

Revenue generated from the RN Journal, membership programs, sales of iaBPG Centre program materials and other revenue, consisting of administration and project management fees, are recorded as revenue when they are earned.

Investment income consists of dividends and interest income and realized and unrealized investment gains and losses and are recognized as revenue of the appropriate fund when earned in the statement of operations.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded in the General Fund at cost. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Office furniture and equipment	10 years
Computer hardware	5 years
Computer software	2 years

(d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(f) Allocation of expenses:

The Association receives grant funding for several programs (note 7). The Association identifies the related general support expenses to be charged to each program. Staffing is allocated to the program based on hours for personnel and estimated usage for premises and other expenses. This basis is applied consistently each year.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry mutual funds at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

2. Investments:

	2014	2013
General Fund:		
Fixed income investments	\$ 843,832	\$ 818,557
Mutual funds	140,829	130,824
	<u>984,661</u>	<u>949,381</u>
Permanent Education Fund:		
Fixed income investments	462,025	442,775
Mutual funds	123,907	116,821
	<u>585,932</u>	<u>559,596</u>
Legal Assistance Fund:		
Fixed income investments	4,880,317	4,157,964
Mutual funds	471,749	337,375
	<u>5,352,066</u>	<u>4,495,339</u>
PhD Fellowships Fund:		
Fixed income investments	1,001,884	987,418
	<u>\$ 7,924,543</u>	<u>\$ 6,991,734</u>

Fixed income investments consist of bonds and term deposits bearing interest from 2.30% to 3.50% (2013 - 2.30% to 4.51%) per annum, with maturity dates ranging from 2015 to 2019.

3. Loan receivable from General Fund/payable to Legal Assistance Fund:

In 2005, the Board of Directors approved the transfer of \$1,500,000 from the Legal Assistance Fund to the General Fund by way of a loan to finance the purchase of land and building located at 154/158 Pearl Street, Toronto, Ontario. The loan is non-interest bearing with no specific terms of repayment.

The Board of Directors approved the Legal Assistance Fund as an investor in the Pearl Street property. The Legal Assistance Fund is entitled to its proportionate share of any future capital gains from the sale of the property.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

4. Capital assets:

2014	Cost	Accumulated amortization	Net book value
Land:			
General Fund	\$ 4,385,263	\$ –	\$ 4,385,263
Legal Assistance Fund	2,110,812	–	2,110,812
Building	4,475,789	1,634,849	2,840,940
Office furniture and equipment	510,446	433,413	77,033
Computer hardware	215,106	171,731	43,375
Computer software	174,271	174,271	–
	\$ 11,871,687	\$ 2,414,264	\$ 9,457,423

2013	Cost	Accumulated amortization	Net book value
Land:			
General Fund	\$ 4,385,262	\$ –	\$ 4,385,262
Legal Assistance Fund	2,110,812	–	2,110,812
Building	4,475,789	1,455,817	3,019,972
Office furniture and equipment	510,446	382,368	128,078
Computer hardware	174,185	152,276	21,909
Computer software	174,271	174,271	–
	\$ 11,830,765	\$ 2,164,732	\$ 9,666,033

During 2011, the Association purchased a parcel of land. The land purchase was split evenly between the General Fund and the Legal Assistance Fund for a total purchase price of \$4,221,624.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$421,419 (2013 - \$442,432), which includes amounts payable for harmonized sales tax and payroll-related taxes.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

6. Deferred revenue:

The Association's deferred revenue consists of the following:

	2014	2013
Membership fees received for the upcoming membership year	\$ 2,882,494	\$ 3,080,474
Deposits received for upcoming conferences	30,722	73,038
	<u>\$ 2,913,216</u>	<u>\$ 3,153,512</u>

7. Special projects:

The Association received monies from Human Resources and Skills Development Canada ("HRSDC") and MOHLTC to fund various programs related to nursing practice and education and patient care. The monies are advanced in accordance with agreements between the Association and the funding agencies.

(a) Human Resources and Skills Development Canada:

The Association has signed an agreement with HRSDC for the period from May 9, 2012 to March 31, 2015 in relation to Elder Abuse Awareness - Prevention, Identification and Interventions: A Best Practice Initiative. In the event of termination of the agreement, all eligible expenditures incurred to the date of termination will be paid by HRSDC pursuant to the satisfaction of HRSDC that costs incurred are reasonable and properly attributable to the termination of the agreement.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

7. Special projects (continued):

(b) Ministry of Health and Long-Term Care:

The Association has signed an agreement with MOHLTC for the period from April 1, 2012 to March 31, 2015 in relation to Clinical Best Practice Guidelines, Healthy Work Environment Best Practice Guidelines, Advanced Clinical Practice Fellowships, Recruitment and Retention, Nursing Education Grants, Long-Term Care Coordinator initiative, and Nursing Quality Indicators for Reporting and Evaluation ("NQuIRE"). In the event of termination of the agreement, MOHLTC has agreed to the provision of funds reasonably necessary to wind down the programs, notwithstanding that pursuant to the provisions of the Financial Administration Act (Ontario), if the Province of Ontario (the "Province") does not receive the necessary appropriation from the Ontario Legislature, the Province shall not be obligated to make any additional payments exceeding the remaining funds under the control of the Association. Similar wind-down provisions are included in annual agreements for other programs related to nursing practice and education and patient care. Management believes that MOHLTC is fully committed to these projects.

(c) Health Canada:

The following is a summary of expenditures incurred on MOHLTC programs:

	2014	2013
Education Grants	\$ 5,467,058	\$ 4,477,098
Best Practice Guidelines - Clinical	2,127,564	2,365,113
Long-Term Care Best Practice Co-ordinators RNs	666,113	1,551,253
Advanced Clinical Practice Fellowship	524,718	740,877
Smoking Cessation	613,427	697,057
Best Practice Guidelines - Healthy Work Environment	376,275	499,234
Recruitment and Retention	400,859	491,344
Nursing Retention Fund	127,637	141,685
Long-Term Care Best Practice Co-ordinators Administration	1,476,251	495,394
Methadone Maintenance and Addictions Treatment	456,513	500,922
NQuIRE	147,681	174,024
Ontario MD	219,273	174,782
Elder Abuse Awareness Initiative	234,794	-
Primary Care Toolkit	91,306	-
Youth Mental Health and Addictions Champions	194,290	-
eHealth	397,620	-
	\$ 13,521,379	\$ 12,308,783

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

7. Special projects (continued):

The above-noted MOHLTC program expenditures include the following amounts paid to the Association's General Fund: (i) \$381,626 (2013 - \$622,155) for estimated staff costs related to non-MOHLTC fund employees who work on MOHLTC programs during the year; (ii) \$155,374 (2013 - \$183,500) for the MOHLTC program's estimated share of office administration and overhead costs such as office supplies, telephone and utilities; and (iii) \$90,000 (2013 - \$90,000) management fee. These costs are set forth in the agreements with MOHLTC and represent General Fund cost recoveries. As such, they are netted against the underlying General Fund expense.

Also included in the above-noted MOHLTC fund expenditures are registration and other fees totaling \$112,195 (2013 - \$107,040) paid to the Association's iaBPG Centre for providing MOHLTC-funded programs and services. These amounts are recorded as revenue of the iaBPG Centre in the General Fund and are supported by the Association staffing costs totalling \$75,750 (2013 - \$70,662).

Due to the timing differences in year ends between the Association (October 31) and MOHLTC (March 31) and in the receipt of funding from MOHLTC and the related program expenditures, there is often unspent funding on-hand at October 31. Any unspent funding on-hand is shown as deferred revenue - MOHLTC. Subsequent to year end, the Association has incurred expenditures out of this balance to deliver services in accordance with the annual agreements with MOHLTC.

The deferred revenue - grants is summarized as follows:

	2014	2013
Balance, beginning of year	\$ 1,513,685	\$ 1,753,288
Funding received	13,056,672	13,017,639
Interest earned on funds	5,090	2,610
Expenses incurred	(13,521,379)	(12,895,571)
Due from MOHLTC	–	(364,281)
Balance, end of year	\$ 1,054,068	\$ 1,513,685

Included in the balance of unspent funding due to MOHLTC as at October 31, 2014 is \$153,259 (2013 - \$148,169) in accumulated interest income earned on funding received from MOHLTC.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

8. Changes in General Fund balance:

	Invested in capital assets	Unrestricted	Best practice guideline sales	Total
Balance, October 31, 2013	\$ 7,555,221	\$ (1,027,552)	\$ 139,461	\$ 6,667,130
Excess (deficiency) of revenue over expenses	(249,532)	401,303	22,217	173,988
Net investment in capital assets	40,922	(40,922)	–	–
Total excess (deficiency) of revenue over expenses	(208,610)	360,381	22,217	173,988
Balance, October 31, 2014	\$ 7,346,611	\$ (667,171)	\$ 161,678	\$ 6,841,118

9. Commitments:

The Association has entered into operating leases for certain office equipment, which require the following minimum annual lease payments:

2015	\$ 62,584
2016	57,896
2017	30,525
2018	7,114

10. Contingent liability:

The Association has been named as one of a number of defendants in a statement of claim by a member claiming damages of \$500,000. The outcome of this action is currently undeterminable. Management believes the exposure to liability is low and, therefore, no amounts have been accrued in these financial statements.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

Notes to Financial Statements (continued)

Year ended October 31, 2014

11. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Additionally, the Association believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. There has been no change to the risk exposures from 2013.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

The Association is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 2.