



BCCNM 2020 ANNUAL REPORT

We're **all** in
this together



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About BCCNM

We exist to ensure unshakeable confidence in nursing and midwifery care.

Who we are

We're the BC College of Nurses and Midwives (BCCNM). As a health regulator, our legal obligation is to protect the public through the regulation of five distinct professions—licensed practical nurses, registered midwives, nurse practitioners, registered nurses, and registered psychiatric nurses. Regulation helps protect the public by ensuring registrants provide care that is safe, competent, and ethical, and meets the standards set by the college.

We exist to ensure unshakeable confidence in nursing and midwifery care. We nurture confident practitioners, armed with a clear understanding of their scope and standards. And through this, we honour the trust that the public puts in our hands. We aspire to create unwavering confidence in their every interaction.

Regulation helps protect the public by ensuring registrants provide care that is safe, competent, and ethical, and meets the standards set by the college.

What we do

It's about trust. We firmly believe that British Columbians are entitled to exceptional care. And so, we see the designation of nurse or midwife as a commitment—a commitment that each of our registrants is trained, credible, and ready to support those at their most vulnerable.

We are adaptive and agile. We recognize gaps in competency and address them through meaningful engagement across the professions. We support anti-sexism, anti-racism, decolonization, and reconciliation in progressive and constructive ways.

We define. We set the standards of safe, ethical practice, assess nursing education programs and midwifery education programs, establish requirements for registration with BCCNM, and address complaints about nurses and midwives. We work closely with educators, regulators, government, and other partners to ensure that the standards of practice remain current, culturally safe, and person-centred in a world where public needs are constantly evolving.

We protect. We rigorously guard these standards from registration to retirement. This means protecting the public, but also protecting the reputation and credibility of a registration, and the safe, ethical care that registration stands for.

We uphold. We ensure accountability and consequences for not meeting these standards. Right-touch regulation where it counts, delivered justly and transparently.

Because being passionate about safe, ethical practice isn't just a college thing.

It's at the very core of how care is delivered.

It's the key goal of every party involved.

It's the fuel for why we do what we do—regulator, nurse, and midwife alike.

Simply put, confidence in care matters.



Message from Board Chair, and Registrar & CEO

We're all in this together.

If we had to choose a single theme to capture the work of the college in 2020, it would be this: we are all in this together.

Regulation is never done in isolation; we have always engaged with many different partners to fulfil our public protection mandate. Even so, 2020 was exceptional in this regard. Whether it was responding to COVID-19 and the opioid overdose crisis, confronting racism—especially Indigenous-specific racism—in the healthcare system, or creating Canada's first combined regulator of nursing professionals and midwives, our work required us to connect and collaborate daily. And collaborate we did, relying on virtual meetings and emails to conduct our work—doing our part to bend the curve of the virus.

Working together: responding to COVID-19 and the opioid overdose crisis

The World Health Organization designated 2020 as the [International Year of the Nurse and Midwife](#), in recognition of the vital role that both professions play in delivering health services. Never has this been truer than in 2020, as COVID-19 took hold around the world and the opioid overdose crisis escalated.

During these dual public health crises, registrants worked in new ways with fellow healthcare professionals, first responders, service groups, non-profit organizations, volunteers, and others to provide care. Throughout 2020, nurses and midwives were called upon to deliver care to patients and clients under extraordinary circumstances. Many were part of the frontline team of workers supporting COVID efforts or caring for individuals grappling with addiction, as the opioid overdose crisis spiralled due to the disruption in safe drug supply. Others stepped in to ensure British Columbians' non-COVID-related care needs continued to be met. They were asked to provide care in familiar and unfamiliar settings, following new safety protocols and procedures.

While WHO's International Year of the Nurse and Midwife wrapped up on December 31, nurses and midwives' contributions to the healthcare system—in fighting the pandemic, responding to the opioid overdose crisis, and so much more—did not. On behalf of the BC College of Nurses and Midwives, we thank nurses and midwives for their ongoing dedication to patients and clients during these unprecedented times.

As the regulator, we are not on the frontline where care is being delivered. Nonetheless, we've played a role in responding to both the pandemic and the opioid overdose crisis:

- We opened and supported temporary emergency registration, paving the way for hundreds of former registrants to provide care and services during the pandemic.
- We worked with government and expanded scope of practice where necessary to enable a broader range of registrants to respond to the public health crises.
- We shared important updates from the Public Health Office as its pandemic and opioid overdose crisis responses evolved and responded to hundreds of queries from registrants to help clarify nurses' and midwives' responsibilities for providing safe, ethical, and competent care during these unprecedented times.
- We worked with the Ministry of Health and other partners to introduce new prescribing standards to enable RNs and RPNs to treat opioid use disorder.

Confronting together: dismantling racism in the health-care system

While the pandemic and the opioid overdose crisis occupied much of our attention in 2020, we were also called upon to confront the ugly reality of racism against Black, Indigenous, and people of colour, both abroad and much closer to home, including within the province's health-care system.

In November 2020, the Ministry of Health [released the findings](#) from Dr. M.E. Turpel-Lafond's (Aki-Kwe's) investigation into Indigenous-specific racism in B.C.'s health-care system. BCCNM was deeply disturbed by the extent to which Indigenous-specific racism has been embedded in the health-care system and its devastating impact on health outcomes for Indigenous peoples.

The college stood alongside its fellow health regulators in firm condemnation of racism and discrimination in all its forms—including and especially Indigenous-specific racism. In response to Dr. Turpel-Lafond's report, BCCNM committed to confronting Indigenous-specific racism head on, in order to break the destructive cycle and create a health-care system in which everyone can receive culturally safe, person-centred care. Our goal is to help dismantle the discrimination inherent in the health-care system and create health-care environments in which Indigenous peoples feel safe and receive health-care services free from discrimination, bias, and prejudice.

Our efforts to dismantle discrimination against Indigenous peoples will come from thoughtful engagement with Indigenous communities and partners and through self-reflection on our own implicit and explicit biases. We will address power imbalances in the health-care system by promoting environments free from discrimination and developing respectful processes and relationships grounded in cultural humility and mutual trust.

The college has a unique opportunity to influence the professions we regulate as well as the broader health-care system. We will continue to learn, relearn, and grow—as an organization, as a board, as staff, and as individuals. This commitment is a journey and not a short one. A lot of the work requires significant relationship building, engagement, and change management. We need to work through long histories of mistrust, deep-seated bias, and a legislative framework that in and of itself is a product of colonial decision-making.

Joining together: the creation of the BC College of Nurses and Midwives

On Sept. 1, 2020, the BC College of Nurses and Midwives (BCCNM) began regulating all nurses and midwives in the province, following the amalgamation of the BC College of Nursing Professionals (BCCNP) and the College of Midwives of BC (CMBC). This marked an exciting new era in professional regulation: we are Canada's first regulator of both nurses and midwives, as well as western Canada's largest health profession regulator.

The creation of BCCNM is in line with the Ministry of Health's ongoing efforts to streamline and modernize [health profession regulation in B.C.](#) We look forward to continuing our collaboration with the Ministry, registrants, fellow regulators, and the public to advance a vision for health profession regulation that is efficient, effective, and firmly focused on the public interest.

Preparing for the future, together

None of us will ever forget the impact that this pandemic has had on us; on our friends, families, and colleagues; on our communities, province, and country; and on our planet. But after a very difficult year, we can also see a brighter future ahead.

Our role in supporting the pandemic response is now focused on helping with the rollout of life-saving vaccines across the province. Our commitment to helping dismantle racism is shifting from high-level commitment to taking concrete action. And as always, we will continue our day-to-day work to protect the public.

Whether we're reflecting on last year's accomplishments or planning for the year ahead, we know that none of it would be possible without many partners: staff, board and committee members, registrants, employers, educators, government, associations, and more.

Thank you all for your continued dedication to your work and the work of BCCNM.

Sincerely,



Robert Calnan
BCCNM Board Chair



Cynthia Johansen
BCCNM Registrar & CEO

Our cultural safety & humility journey

In June 2020, B.C.'s Minister of Health Adrian Dix was made aware of serious allegations of racist practices in the province's emergency rooms. The allegation was that health professionals were playing a "game" to guess the blood-alcohol level of Indigenous patients and perhaps others in emergency rooms. Minister Dix appointed Dr. Mary Ellen Turpel-Lafond (Aki-Kwe) to lead the investigation into this issue. At the end of November, Dr. Turpel-Lafond released her report, *In Plain Sight: Addressing Indigenous-Specific Racism and Discrimination in BC Health Care*. The report demonstrated the extent to which Indigenous-specific racism has been embedded in the health-care system and its devastating impact on health outcomes for Indigenous peoples.

BCCNM and the legacy colleges before us have been on a journey to integrate the principles of cultural safety and humility into our organizations for a number of years. Following the release of Dr. Turpel-Lafond's report, we made a public commitment to address its recommendations and stepped up our efforts to address Indigenous-specific racism in our regulatory work. We devoted more staff resources to this work, allocated more resources to education and training, and sought more engagement and collaboration with others in this space. We took more steps to integrate cultural safety and humility into our organizational culture, our brand, and our strategic and operational plans. We encouraged registrants, staff, the board, and committee members to undertake cultural safety training. We also began the work to embed the voice of First Nations people into our governance structures and engaged a First Nations Knowledge Keeper to be a guide and resource to our board and staff.

Syexwáliya Ann Whonnock, Knowledge Keeper

What you can expect from us

While we are proud of the actions taken thus far, there is an immediate need to do more. Indigenous peoples have a right to receive care that is culturally safe, free of racism, and leads to positive health outcomes.

Cultural safety and humility aren't simple aspirations. They are necessarily nuanced, complex, and diverse. If we are to dismantle the discrimination encountered by Indigenous peoples in the health-care system, we must first understand with empathy the lasting impacts of colonization. This requires thoughtful engagement with Indigenous communities and self-reflection on our own implicit and explicit biases.



Our people and practices must be welcoming and relevant to all—registrants and public alike. To get there, we're committed to consultation and listening to the experiences of others while recognizing our impact and influence across the professions we regulate.

BCCNM has prioritized the following actions, which we will implement in alignment with Dr. Turpel-Lafond's report:

- We are drafting a professional standard for nurses and midwives that explicitly addresses the requirement of culturally safe, humble, and responsive professional practice and how practitioners will be held accountable for upholding this standard.
- We are looking at our complaints process to identify ways to make it more accessible, meaningful, safe, and effective for Indigenous peoples.
- We will continue the work initiated by the former College of Midwives of BC to establish a new registrant category for Indigenous Midwifery.
- We will create the space and budget for all staff, board, and committee members to complete training and education in cultural safety and humility, unconscious bias, and/or trauma informed care by the end of 2021.
- We will work to consistently apply the lens of cultural safety and humility to our decision-making. We will do this by broadening Indigenous participation on BCCNM's board and committees, and by investing in supports to ensure Indigenous peoples do not feel isolated or unsafe when engaging in this work.
- We will work with advisors to develop a strategy and approach for engaging B.C. First Nations and other Indigenous peoples in our regulatory work.
- We will collaborate with our fellow regulators and the Ministry of Health to support legislative reform that integrates cultural safety and humility into our health regulatory framework.

We recognize that Indigenous peoples may need specific and supportive services that differ from others' needs. We are committed to providing culturally safe environments for any individual contacting and working with our college. Taking a different approach to meeting their unique needs creates equity for those who are among the most vulnerable in our society due to their past experiences. Above all, we aim to develop and maintain processes and relationships that are grounded in mutual respect and trust.

Our engagement activities in 2020

Public engagement is important. Giving members of the public the opportunity to share their views helps us ensure our policies and processes reflect the public's voice in our work.

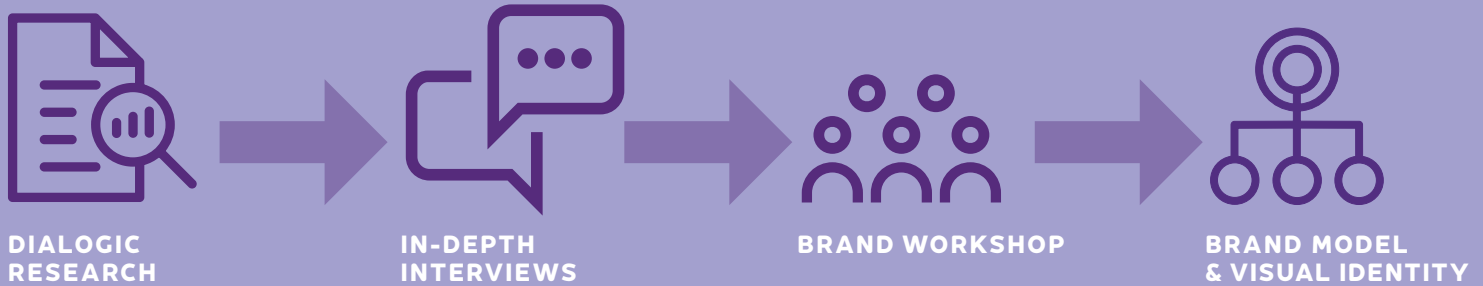
Public Advisory Network of British Columbia

One way we gather public input is by belonging to the Public Advisory Network of British Columbia (PAN-BC). PAN-BC is a public advisory group formed by participating health regulatory colleges to discuss issues related to health-care regulation in B.C. with members of the public. Participants come from across the province and bring diverse backgrounds and experience to ensure broad perspectives are shared. A pilot project was set up in 2019–20, and after its success the colleges moved to operationalize PAN-BC in 2020–21. Last year, we embarked on three public engagements with the 16-member group. Due to the COVID-19 pandemic, the sessions were broken into half-day virtual meetings for each topic. The diverse members shared their thoughts and perspectives on:

- Virtual care
- Cultural safety, health equity, and discrimination in health care
- Registrants' use of digital tools and social media
- Making a complaint about a registrant
- Codes of ethics
- Public registries

The takeaways from each of the meetings were shared with each of the participating colleges to reflect on the public's viewpoints, and to consider how best to integrate these perspectives. At BCCNM, we're committed to integrating public feedback into our work. We're excited to continue our work with PAN-BC and look forward to learning more from our public advisors. More information about PAN-BC can be found on its website: <https://bcpan.ca/>





BCCNM brand development

When the former colleges amalgamated to become BCCNM, it gave us a chance to create a new identity. Many perspectives were required to build the brand for our new organization. Our consultation included:

- Dialogic research: 2 x 2.5-hour sessions with approximately 40 attendees each, representing nurses, midwives, BCCNP and CMBC staff, board and committee members, educators, regulatory partners, and members of the public
- In-depth interviews: 11 interviews with nurses, midwives, education, leadership, government, and regulatory partners
- Brand definition workshop: 5.5-hour comprehensive workshop with a 12-person mix of registrants, students, and BCCNP and CMBC staff
- Brand model and visual identity articulation, review, refinement, and socialization with the core brand team, workshop participants, staff, knowledge keeper (Syexwália), leadership, and board

Final primary logo:



Final primary wordmark:



Website research

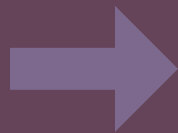
The amalgamation of the two colleges required us to bring together thousands of pages and hundreds of documents from two separate websites into a single site for BCCNM. Engagement with site visitors informed the design and architecture of the home page.

Our research partners used a human-centred design framework to understand the needs, motivations, and preferred solutions of a representative audience of website visitors. This process included website UX and AI research: Brand sentiment survey data gathered from 1,649 registrants was paired with insights gleaned from interviews with staff, registrants from all designations, students, applicants, employers, educators, and members of the public. Their feedback at each stage identified opportunities to improve access to information.

Thank you to our many partners for participating in these activities. Your perspectives are valued and appreciated.



**BRAND SENTIMENT
SURVEY DATA FROM
1,649 RESPONDENTS**



**INTERVIEWS AND FOCUS
GROUPS WITH STAFF,
REGISTRANTS, STUDENTS,
EMPLOYERS, EDUCATORS,
AND THE PUBLIC**



**REPORT OF FINDINGS
AND WIREFRAME
RECOMMENDATIONS**

Regulation by the numbers

10,759

INITIAL APPLICATIONS RECEIVED

55,244

RENEWED NURSE REGISTRATION

382

RENEWED MIDWIFE REGISTRATION

36

EDUCATION PROGRAMS REVIEWED

Of the education programs reviewed in 2020:

1

New program recognized

32

Continued recognition

1

Recognition withdrawn

2

Programs no longer being offered

2,900+

PRACTICE CONSULTATIONS

35,164

COLLEAGUES WHO PROVIDED FEEDBACK (MSF)

359

COMPLAINTS RECEIVED

344

COMPLAINTS INVESTIGATIONS RESOLVED

3

NEW STANDARDS CREATED

6

PRACTICE STANDARDS HARMONIZED

37

STANDARDS REVISED

7

NP ONSITE REVIEWS COMPLETED

(Due to COVID-related restrictions we only completed 7)

Controlled prescription program

922

CDS PADS*

+

436

MMT PADS*






=

1,358

TOTAL CDS + MMT PADS

**(Note: CDS = Controlled drugs and substances and MMT = methadone maintenance treatment.)*

Registrant snapshot

 Licensed practical nurse	2019	2020
PRACTISING	13,317	13,847
PROVISIONAL	115	170
NON-PRACTISING	366	359
TEMPORARY EMERGENCY	-	110
 Midwife	2019	2020
PRACTISING	299	311
PROVISIONAL	7	9
NON-PRACTISING	98	101
STUDENT MIDWIFE	82	78
 Nurse practitioner	2019	2020
PRACTISING	559	673
PROVISIONAL	18	11
NON-PRACTISING	29	27
TEMPORARY EMERGENCY	-	1
 Registered nurse	2019	2020
PRACTISING*	38,811	39,843
CERTIFIED PRACTICE**	1,182	1,238
PROVISIONAL	278	395
NON-PRACTISING*	1,507	1,314
EMPLOYED STUDENT NURSE	689	678
TEMPORARY EMERGENCY	1	604
 Registered psychiatric nurse	2019	2020
PRACTISING	2,905	3,063
PROVISIONAL	68	78
NON-PRACTISING	140	96
EMPLOYED STUDENT PSYCHIATRIC NURSE	31	22
TEMPORARY EMERGENCY	-	6
Total***	60,502	63,034

* LGN (Licensed graduate nurses) and non-practising LGNs are included in practising RN and non-practising RN respectively.

** RN-certified practice must have RN practising status.

*** Totals do not include registrants who have limits and conditions placed on their practice or have suspended registration.

2020 BCCNM board members

BCCNM is governed by the BCCNM board, an oversight and decision-making body that ensures the college has the resources, leadership, and strategy to meet BCCNM's mandate to protect the public. The board consists of five registrant members (one from each designation) and five public members.

Colin Bennett, FCPA, FCMA, LL.D (Hon), CA (Hon)

Public board member

Robert Calnan, RN, BScN, M.Ed

Chair and registrant board member

Pinder Cheema, QC

Public board member

Janene Erickson, MPH

Nak'azdli Whut'en

Public board member

Tanya Momtazian, RM, BSc., BMW, MPH

Registrant board member

Ruth Ringland, MN, NP(F)

Registrant board member

Yvonne Savard, RPN, RN, BScN, MAED/CI

Vice Chair and registrant board member

Madelon Stevens, Non-practising LPN

Registrant board member

Sangeeta Subramanian, BA, MBA

Public board member

Richard Turner, B.Ed (Secondary)

Public board member

Fees & expenses

Practising registration fees

The following practising registration fees were payable for the period of Jan. 1, 2020 – Feb. 28, 2021 for LPNs; March 1, 2020 – Feb. 28, 2021 for NPs, RNs, and RPNs; and April 1, 2020 – March 31, 2021 for RMs.

** LPNs paid for 14 months of registration in order to align the registration periods of all nursing designations.*

2020-21 Fees	
DESIGNATION	REGISTRATION FEE
Licensed practical nurse (14 months)	\$497.25*
Nurse practitioner	\$719.05
Registered nurse	\$500.05
Registered psychiatric nurse	\$500.05
Midwife	\$2,435.52

Where registrant fees went in 2020 vs. 2019 (in the 000s)

Expenses	2019	2020
College Amalgamation	-	\$1,298
Corporate Services*	\$9,236	\$9,327
Facilities**	\$5,632	\$5,379
Inquiry, Discipline, & Monitoring	\$4,695	\$4,779
Registration	\$4,407	\$3,824
Policy & Practice	\$2,823	\$2,708
Executive Office, Strategy & Governance*	\$2,522	\$2,578
Quality Assurance	\$1,636	\$1,372
Nursing Community Assessment Service (NCAS)***	\$1,256	\$1,151
Education Program Review and Entry-level Competencies	\$1,410	\$1,508
Registrant Professional Liability Protection/Insurance	\$379	\$218
Subtotal	\$33,995	\$34,142
Less: Shared Services Recoveries*	-\$271	-\$552
Less: Lease Recoveries**	-\$660	-\$937
Less: NCAS Grants and Related Assessment Fees***	-\$1,256	-\$568
Expenses Net of Recoveries	\$31,808	\$32,084

Expense highlights

Compared to 2019, expenses were slightly higher in 2020; however, they were lower than our anticipated budget due in large part to the COVID-19 pandemic. COVID-19 impacted our spending in the following ways:

- We reallocated resources to respond to the need to register temporary emergency registrants and employed student registrants.
- We adapted our information systems to support the required changes to emergency registration.
- We reduced spending in many areas due to cost savings from staff, board, and committee work being done remotely.
- Due to the limited ability to conduct assessments, NCAS assessment recoveries were lower.

Outside of COVID-19, the college completed two significant projects: the amalgamation of the legacy nursing college databases, and the amalgamation of the nursing and midwifery colleges. The combined incremental spending on these projects was approximately \$1.3M.

Other notable expenses included:

- To continue our cultural safety and humility journey, we engaged a Cultural Safety and Humility Advisor.
- We reallocated resources to enable RNs and RPNs in British Columbia to safely prescribe for opioid use disorder, as part of supporting the province's response to the overdose crisis.
- Costs increased for investigations and legal services, as well as processing requests for information. These expenses were related to complaints, hearings, and education program review.
- Regretfully, many health-care organizations have been targeted by cyberattacks. BCCNM increased spending in this area to manage this ever-present threat.



2020 Financial statements

Financial Statements of

**BRITISH COLUMBIA COLLEGE OF
NURSES AND MIDWIVES**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Board of the British Columbia College of Nurses and Midwives

Opinion

We have audited the financial statements of British Columbia College of Nurses and Midwives ("BCCNM"), which comprise:

- the statements of financial position as at December 31, 2020 and December 31, 2019
- the statements of operations for the years then ended
- the statements of changes in net assets for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BCCNM as at December 31, 2020 and December 31, 2019, and its results of operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in the BCCNM 2020 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the BCCNM 2020 Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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.

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

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

Auditors' 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 auditors' 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 the 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 BCCNM'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 BCCNM's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause BCCNM 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.
- 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.

Chartered Professional Accountants

Vancouver, Canada
April 28, 2021

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Statements of Financial Position

December 31, 2020 and 2019

	2020	2019
		(note 3)
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,996,539	\$ 9,385,670
Short-term investments (note 4)	1,043,479	1,683,503
Accounts receivable	347,845	212,478
Current portion of prepaid expenses	787,204	840,304
	9,175,067	12,121,955
Investments (note 4)	11,852,162	11,280,633
Prepaid expenses	356,180	277,019
Tangible capital assets (note 5)	9,556,113	10,305,807
Intangible assets (note 6)	403,908	672,392
	\$ 31,343,430	\$ 34,657,806
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 1,784,026	\$ 1,258,062
Accrued employment benefits (note 7)	764,499	994,933
Deferred revenue and deposits	10,836,232	15,042,103
Deferred government grant (note 8)	90,000	133,331
Current portion of capital lease obligations (note 9)	28,516	25,209
Current portion of deferred lease inducements (note 10)	213,584	239,808
	13,716,857	17,693,446
Capital lease obligations (note 9)	71,374	99,890
Deferred lease inducements (note 10)	3,064,104	3,091,240
	16,852,335	20,884,576
Net assets:		
Investment in tangible capital assets and intangible assets (note 11)	6,582,443	7,522,052
Unrestricted	7,908,652	6,251,178
	14,491,095	13,773,230
Contingent liabilities (note 15)		
Commitments (note 16)		
	\$ 31,343,430	\$ 34,657,806

See accompanying notes to financial statements.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Statements of Operations

Years ended December 31, 2020 and 2019

	2020	2019 (note 3)
Revenue:		
Registration	\$ 29,424,844	\$ 26,776,978
Credentials processing	1,459,389	1,156,783
Examinations	633,918	535,003
Investment income (note 4)	1,217,826	1,692,640
Nursing Community Assessment Service grant and related assessment fees (note 8)	568,394	1,255,504
Lease	936,829	659,635
Cost sharing arrangements	551,822	271,230
Sundry	66,358	59,014
	<u>34,859,380</u>	<u>32,406,787</u>
Expenses:		
Amortization of tangible capital assets and intangible assets	1,286,328	1,401,260
Communications and people	2,519,701	2,141,181
Executive office	1,595,721	1,699,509
Nursing Community Assessment Service program (note 8)	1,150,929	1,255,504
Operations	10,900,124	11,325,807
Regulatory policy and programs	14,190,215	14,970,473
Strategy and governance	982,558	822,135
	<u>32,625,576</u>	<u>33,615,869</u>
Excess (deficiency) of revenue over expenses before the undernoted	2,233,804	(1,209,082)
Other expenses:		
Amalgamation costs (note 12)	1,297,769	-
Registrant insurance and professional liability protection	218,170	378,797
Total other expenses	<u>1,515,939</u>	<u>378,797</u>
Excess (deficiency) of revenue over expenses	<u>\$ 717,865</u>	<u>\$ (1,587,879)</u>

See accompanying notes to financial statements.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Statements of Changes in Net Assets

Years ended December 31, 2020 and 2019

	Investment in tangible capital assets and intangible assets (note 11)	Unrestricted	Total
Balance, December 31, 2018	\$ 8,900,758	\$ 6,460,351	\$ 15,361,109
Deficiency of revenue over expenses	(1,376,095)	(211,784)	(1,587,879)
Net change in investment in tangible capital assets and intangible assets	(2,611)	2,611	-
Balance, December 31, 2019	7,522,052	6,251,178	13,773,230
Excess (deficiency) of revenue over expenses	(1,048,564)	1,766,429	717,865
Net change in investment in tangible capital assets and intangible assets	108,955	(108,955)	-
Balance, December 31, 2020	\$ 6,582,443	\$ 7,908,652	\$ 14,491,095

See accompanying notes to financial statements.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
		(note 3)
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 717,865	\$ (1,587,879)
Items not involving cash:		
Unrealized investment gains	(731,235)	(1,030,203)
Amortization of tangible capital assets	1,017,844	936,950
Amortization of intangible assets	268,484	464,310
Loss on disposal of intangible assets	-	4,000
Write-off of tangible capital assets	-	193,740
Write-off of intangible assets	2,044	16,903
Amortization of deferred lease inducements	(239,808)	(239,808)
	1,035,194	(1,241,987)
Changes in non-cash operating working capital:		
Accounts receivable	(135,367)	42,590
Prepaid expenses	(26,061)	(190,271)
Accounts payable and accrued liabilities	525,964	(1,421,793)
Accrued employment benefits	(230,434)	289,066
Deferred revenue and deposits	(4,205,871)	1,427,371
Deferred government grant	(43,331)	(485,759)
	(3,079,906)	(1,580,783)
Investing:		
Net disposal (purchase) of investments	799,730	(110,977)
Purchase of tangible capital assets	(270,194)	(141,293)
Purchase of intangible assets	-	(4,486)
Proceeds on disposal of intangible assets	-	4,747
	529,536	(252,009)
Financing:		
Capital lease principal repayments	(25,209)	(74,839)
Lease inducements received	186,448	3,319,279
	161,239	3,244,440
Increase (decrease) in cash and cash equivalents	(2,389,131)	1,411,648
Cash and cash equivalents, beginning of year	9,385,670	7,974,022
Cash and cash equivalents, end of year	\$ 6,996,539	\$ 9,385,670

See accompanying notes to financial statements.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements

Years ended December 31, 2020 and 2019

1. Nature of operations:

British Columbia College of Nurses and Midwives (“BCCNM”) was formed through the amalgamation of the British Columbia College of Nursing Professionals (“BCCNP”) and the College of Midwives of British Columbia (“CMBC”) on September 1, 2020 (note 3). BCCNM is designated as the regulatory body for nurses and midwives in British Columbia under the Health Professions Act of British Columbia (“HPA”). It is a not-for-profit corporation and, as such, is exempt from income tax.

BCCNM’s legal obligation is to protect the public through the regulation of licensed practical nurses (“LPN”), nurse practitioners (“NP”), registered nurses (“RN”), registered psychiatric nurses (“RPN”) and registered midwives (“RM”). This includes setting the standards for entrance into the profession, and for practice and ethics, as well as assessing nursing and midwifery education programs and addressing complaints about BCCNM registrants. As of December 31, 2020, BCCNM had approximately 63,000 registrants.

The BCCNM Board (the “Board”) is the governing body for BCCNM and consists of 10 members. The composition and powers of the Board and the duties of its members are stated in the HPA and in the BCCNM bylaws.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian federal and provincial governments enacting emergency measures to combat the spread of the virus. The economic conditions had an impact on BCCNM’s operating results and financial position in 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy in the future is not known at this time.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared by management in accordance with Canadian accounting standards for non-for-profit organizations as recommended by the Chartered Professional Accountants of Canada.

0359298 B.C. Ltd. (formerly, CRNBC Captive Insurance Corporation), a wholly-owned subsidiary of BCCNP, was dissolved on August 4, 2020. The assets were transferred to BCCNP upon dissolution.

(b) Net assets:

Net assets are comprised of the following:

(i) Unrestricted net assets:

The unrestricted net assets include the revenue and expenses related to BCCNM’s operations.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

2. Significant accounting policies (continued):

(b) Net assets (continued):

(ii) Investment in tangible capital assets and intangible assets:

Investment in tangible capital assets and intangible assets is the net book value of BCCNM's tangible capital assets and intangible assets less the related capital lease obligations and deferred lease inducements.

(c) Revenue recognition:

Revenue is recognized as it is earned as follows:

- Registration fee revenues are recognized as revenue in the period that corresponds to the registration year to which they relate. Registration fees collected for a future registration year are recorded as deferred revenue.
- Credentials processing revenue is recognized as revenue in the year the completed application is submitted for review.
- Examination fees received are deferred and recognized as revenue in the year the applicant completes the exam.
- The Nursing Community Assessment Service grant is externally restricted to cover the deficiency of program assessment fees collected over the program expenses. The grant is recognized as revenue when a program deficiency occurs.
- Lease revenue is recognized over the term of the lease.
- Cost recoveries are recognized as revenue when the services are provided by BCCNM under the various cost sharing arrangements.
- All other revenue is recognized when the services are provided or when the goods are delivered if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Cash and cash equivalents:

Cash and cash equivalents include cash held in banks and high interest savings accounts which are redeemable at any time for a known amount of cash and are subject to an insignificant risk of changes in value.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are recorded as expenses. Betterments which extend the life of an asset are capitalized. When tangible capital assets no longer fully or partially contribute to BCCNM's ability to provide services, the excess of its carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

2. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

Amortization is computed on a straight-line basis over the estimated useful life of the assets as follows:

Asset	Rate
Office furniture	15 years
Equipment	3 – 15 years
Leased equipment	Lesser of lease term and useful life
Leasehold improvements	Lesser of lease term and useful life

(f) Intangible assets:

Intangible assets represents internally customized software and other purchased software. Intangible assets are recorded at cost less accumulated amortization. Direct costs attributable to customizations or modifications of software are capitalized after the technological feasibility has been established. When an intangible asset no longer fully or partially has any long-term service potential to BCCNM, the excess of its carrying amount over its fair value or replacement cost will be recognized as an expense in the statement of operations. Amortization commences when the software is brought into service. Amortization is computed on a straight-line basis over the 2 to 5 years estimated useful lives of the assets.

(g) Employment benefits:

BCCNM accrues all earned but unpaid cash entitlements for severance pay, sick leave, vacation pay and other employment related benefits. Such benefits do not accumulate over the long term.

BCCNM is a participating employer of the Municipal Pension Plan, a jointly trustee pension plan. The pension plan is a multiemployer plan and as a result, required contributions are expensed as incurred. The plan records accrued liabilities and accrued assets for the plan in the aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and costs to individual employers participating in the plan.

(h) Leases:

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair value at the beginning of the lease. Assets related to a capital lease are amortized over the assets' useful lives.

All other leases are recorded as operating leases with lease payments expensed as incurred.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

2. Significant accounting policies (continued):

(h) Leases (continued):

Deferred lease inducements include financial inducements for tenant improvements to the office spaces, as well as providing free-rent periods and staggered lease payment increases. Amortization of deferred lease inducements is recognized over the initial term of the related lease net of the related lease expense.

(i) Allocation of salaries and benefits:

Salaries and benefits are allocated proportionately on the basis of time spent by each employee on the BCCNM's various program areas.

(j) Financial instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable and accrued liabilities.

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 cost or amortized cost, unless management has elected to carry the instruments at fair value. BCCNM has elected to carry its investments, which include government bonds, corporate bonds and notes, and equities, at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets carried at cost or amortized cost 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, BCCNM 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 BCCNM expects to realize by exercising its right to any collateral. If events or circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the carrying value.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the 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 management's best estimates as additional information becomes available in the future.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

2. Significant accounting policies (continued):

(l) Adoption of new accounting standard:

Section 4449, *Combinations by Not-For-Profit Organizations* provides guidance for the recognition and measurement of combinations by not-for-profit organizations. In the new standard, not-for-profit organizations are directed to assess each combination based on criteria outlined in the standard, and accordingly account for the combination as either a merger or acquisition.

This section is effective for fiscal years beginning on or after January 1, 2022 and is applied on a prospective basis to combinations entered into from the beginning of the fiscal year in which the standard is first applied. BCCNM has elected to early adopt this standard.

3. Amalgamation of BCCNP and CMBC:

In 2019, the Boards of BCCNP and CMBC, in coordination with the Ministry of Health of the Province of British Columbia (the "Ministry"), began working towards the creation of a new amalgamated regulatory body. On September 1, 2020, BCCNM was created through the amalgamation of BCCNP and CMBC. BCCNP was a regulatory body for RN, NP, LPN and RPN in British Columbia. CMBC was a regulatory body for RM in British Columbia. The amalgamation of the two colleges resulting in BCCNM is in line with the Ministry's ongoing efforts to streamline and modernize health profession regulation in B.C.

As there is no identified acquirer in the amalgamation of BCCNP and CMBC, as of the amalgamation date, the assets, liabilities, and net assets of the legacy colleges became the combined carrying values of the assets, liabilities and net assets of BCCNM. The financial statements of BCCNP and CMBC were combined to form the current year information and comparative information as if the two colleges had been combined from inception.

The following table summarizes the assets, liabilities and net assets of each of the legacy colleges as at December 31, 2019 and the amalgamation date of September 1, 2020:

December 31, 2019	CMBC	BCCNP	Total
Assets	\$ 862,943	\$ 33,794,863	\$ 34,657,806
Liabilities	205,020	20,679,556	20,884,576
Net assets:			
Investment in tangible capital assets and intangible assets	97,579	7,424,473	7,522,052
Unrestricted	560,344	5,690,834	6,251,178
Total net assets	657,923	13,115,307	13,773,230

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

3. Amalgamation of BCCNP and CMBC (continued):

September 1, 2020	CMBC	BCCNP	Total
Assets	\$ 1,037,773	\$ 33,520,288	\$ 34,558,061
Liabilities	467,435	19,015,967	19,483,402
Net assets:			
Investment in tangible capital assets and intangible assets	67,381	6,641,771	6,709,152
Unrestricted	502,957	7,862,550	8,365,507
Total net assets	570,338	14,504,321	15,074,659

The following tables summarize the revenue and expenses of each of the legacy colleges for the years ended December 31, 2020 and December 31, 2019:

	CMBC	BCCNP	BCCNM	Elimination of inter-entity balances	2020 Total
Revenue	\$ 646,804	\$22,006,761	\$12,302,492	\$ (96,677)	\$ 34,859,380
Expenses	734,390	20,617,743	12,886,059	(96,677)	34,141,515
Excess (deficiency) of revenue over expenses	\$ (87,586)	\$ 1,389,018	\$ (583,567)	\$ -	\$ 717,865

	CMBC	BCCNP	Elimination of inter-entity balances	2019 Total
Revenue	\$ 898,897	\$ 31,622,625	\$ (114,735)	\$ 32,406,787
Expenses	1,104,843	33,004,558	(114,735)	33,994,666
Deficiency of revenue over expenses	\$ (205,946)	\$ (1,381,933)	\$ -	\$ (1,587,879)

4. Investments:

	2020	2019
Government bonds	\$ 2,514,057	\$ 2,374,529
Corporate bonds and notes	1,620,507	2,670,273
Equities	8,761,077	7,919,334
	12,895,641	12,964,136
Less short-term investments	1,043,479	1,683,503
Long-term investments	\$ 11,852,162	\$ 11,280,633

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

4. Investments (continued):

Government bonds consist of provincial and municipal bonds and bear interest ranging from 1.45% to 3.26% (2019 - 2.20% to 3.70%) with maturities ranging from June 2021 to September 2025. Corporate bonds and notes bear interest ranging from 2.19% to 4.39% (2019 - 2.20% to 4.89%) and have maturities ranging from January 2021 to August 2026. Equities consist of Canadian, U.S. and global publicly traded shares.

Investment income is comprised of the following:

	2020	2019
Interest and dividends	\$ 392,295	\$ 470,141
Realized gains on sale of investments	94,296	192,296
Unrealized gains from changes in fair value	731,235	1,030,203
	<u>\$ 1,217,826</u>	<u>\$ 1,692,640</u>

5. Tangible capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture	\$ 1,670,272	\$ 259,844	\$ 1,410,428	\$ 1,521,779
Equipment	1,899,616	726,633	1,172,983	1,408,689
Leased equipment	158,205	60,523	97,682	116,555
Leasehold improvements	8,117,915	1,242,895	6,875,020	7,258,784
	<u>\$ 11,846,008</u>	<u>\$ 2,289,895</u>	<u>\$ 9,556,113</u>	<u>\$ 10,305,807</u>

In 2020, there were no write-offs of tangible capital assets (2019 - \$193,740).

6. Intangible assets:

	2020	2019
Cost	\$ 5,032,039	\$ 5,032,039
Accumulated amortization	4,628,131	4,359,647
	<u>\$ 403,908</u>	<u>\$ 672,392</u>

Intangible assets are comprised of an information technology system which is configured and customized for BCCNM's purpose as well as purchased software.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

7. Government remittances:

Included in accounts payable and accrued liabilities and accrued employment benefits are government remittances of \$26,019 (2019 - \$84,168) related to payroll and indirect taxes.

8. Deferred government grant:

BCCNM received grant funding from the Ministry for BCCNM's Nursing Community Assessment Service ("NCAS") program. The grant funds the deficiency of program assessment fees collected over program expenses. In 2020, BCCNM incurred \$1,150,929 (2019 - \$1,255,504) of expenses for the NCAS program, of which \$395,563 (2019 - \$769,745) was funded by assessment fees collected and \$172,831 (2019 - \$485,759) was funded by the grant. All grant funding received from the Ministry has been used to fund program expenses.

In 2020, BCCNM received a grant from Nova Scotia Health Authority of \$90,000 that has been deferred to cover the payroll related expenses to provide NCAS services to Nova Scotia when it launches.

	2020	2019
Deferred government grant, beginning of year	\$ 133,331	\$ 619,090
Funding received	129,500	-
Grant revenue recognized	(172,831)	(485,759)
Deferred government grant, end of year	\$ 90,000	\$ 133,331

9. Capital lease obligations:

BCCNM had entered into various lease agreements for office equipment, with payment obligations as follows:

2021	\$	39,245
2022		39,245
2023		39,245
2024		3,080
Total minimum lease payments		120,815
Less implied interest rate of 12.25%		20,925
Present value of minimum lease payments		99,890
Less current portion of capital lease obligations		28,516
Long-term portion of capital lease obligations	\$	71,374

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

10. Deferred lease inducements:

BCCNM has entered into lease agreements for two office spaces. As part of these lease agreements, the landlord provided financial inducements for tenant improvements to the office space, as well as providing free-rent periods and staggered lease payment increases.

	2020	2019
Deferred lease inducements, beginning of year	\$ 3,331,048	\$ 3,352,374
Lease inducements additions	186,448	218,482
Amortization recorded	(239,808)	(239,808)
Deferred lease inducements, end of year	3,277,688	3,331,048
Current portion	213,584	239,808
Long-term portion of deferred lease inducement	\$ 3,064,104	\$ 3,091,240

The unamortized balance will be amortized to income on a straight-line basis until the end of the related lease.

11. Investment in tangible capital assets and intangible assets:

(a) Investment in tangible capital assets and intangible assets is calculated as follows:

	2020	2019
Tangible capital assets	\$ 9,556,113	\$ 10,305,807
Intangible assets	403,908	672,392
Amounts financed by:		
Capital leases obligations	(99,890)	(125,099)
Deferred lease inducements	(3,277,688)	(3,331,048)
	\$ 6,582,443	\$ 7,522,052

(b) Change in net assets invested in tangible capital assets and intangible assets is calculated as follows:

	2020	2019
Deficiency of revenue over expenses:		
Amortization of tangible capital assets and intangible assets	\$ (1,286,328)	\$ (1,401,260)
Amortization of deferred lease inducement, net of related lease expense	239,808	239,808
Write-off of tangible capital assets and intangible assets	(2,044)	(210,643)
Loss on disposal of tangible capital assets	-	(4,000)
	\$ (1,048,564)	\$ (1,376,095)

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

11. Investment in tangible capital assets and intangible assets (continued):

(b) (continued):

	2020	2019
Net change in investment in tangible capital assets and intangible assets:		
Purchase of tangible capital assets and intangible assets	\$ 270,194	\$ 145,779
Proceeds on disposition of tangible capital assets and intangible assets	-	(4,747)
Capital lease principal repayments	25,209	74,839
Increase in lease inducements	(186,448)	(218,482)
	\$ 108,955	\$ (2,611)

12. Amalgamation costs:

Amalgamation costs reflect a combination of incremental spending to continue the amalgamation work that the legacy BCCNP was undertaking, as well as, the amalgamation work to support the recent amalgamation between BCCNP and CMBC. In 2020, \$645,052 was incurred to combine the registrant databases supporting the four nursing designations. In addition, \$652,717 was incurred for the amalgamation of BCCNP and CMBC, including amounts spent on the transition steering committee, project management, brand development, updating information systems and websites, and external legal support.

13. Municipal Pension Plan:

BCCNM and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing the plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the Plan has about 213,000 active members and approximately 106,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

13. Municipal Pension Plan (continued):

The most recent actuarial valuation for the Plan as at December 31, 2018, indicated a \$2.9 billion funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

BCCNM paid \$1,382,995 (2019 - \$1,296,194) for employer contributions to the Plan in 2020.

14. Related party transactions:

Pursuant to the HPA, BCCNM's Board has the authority to set its own remuneration for its members' involvement in BCCNM. The Board has approved both direct compensation and employer salary replacement claim options for its members. The total payments for direct compensation and salary replacement claims for Board members was \$72,925 (2019 - \$58,313).

15. Contingent liabilities:

BCCNM receives notification of claims related to various matters arising in the ordinary course of its business. These matters are at a preliminary stage and their outcome and an estimate of loss, if any, is not determinable. BCCNM has no reason to expect that the ultimate conclusion of any of these matters will have a material adverse impact on its financial position, results of operations or its ability to carry on its business activities.

16. Commitments:

BCCNM's total obligations under operating leases for occupied premises, exclusive of property taxes and other occupancy charges are as follows:

2021	\$	1,664,411
2022		1,673,528
2023		1,710,442
2024		1,747,356
2025		1,784,271
Thereafter		14,036,469
	\$	22,616,477

BRITISH COLUMBIA COLLEGE OF NURSES AND MIDWIVES

Notes to Financial Statements (continued)

Years ended December 31, 2020 and 2019

17. Financial instrument risks:

BCCNM's activities result in exposure to a variety of financial risks including risks related to credit and market, foreign exchange, interest rate and liquidity.

(a) Credit risk and market risk:

Credit risk is the risk of loss due to the failure of a debtors and tenants to meet their contractual obligations. BCCNM is exposed to credit risk with respect to the cash and cash equivalents, investments and accounts receivable. Market risk is the risk that the fair value or future cash flows of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. BCCNM limits its exposure to credit risk by placing its cash and cash equivalents and investments with high credit quality governments, financial institutions and corporations in accordance with investment policies adopted by the Board. Risk and volatility of investment returns are mitigated through the diversification of investments in different geographic regions and different investment vehicles. Balances in accounts receivable are generally for shared services with other similar regulatory bodies and are considered to have a low risk of collectability.

(b) Foreign exchange risk:

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. BCCNM limits its exposure to foreign exchange risk through its investment policy, which sets a maximum percentage of equity investments that can be held in foreign currencies.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. BCCNM's primary exposure to interest rate risk is with its investments. BCCNM maintains a diversified investment portfolio to manage its interest rate exposure. The interest rates and terms of investments are disclosed in note 4.

(d) Liquidity risk:

Liquidity risk is the risk that BCCNM will not be able to meet its obligations as they fall due. BCCNM maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. Investments are also held in securities that can be liquidated within a few days' notice.

There has been no change to the risk exposures in 2020.