



2019 Annual Report

## Regulation in Transition

**BCCNP** British Columbia  
College of Nursing  
Professionals

# Message from Board Chair and Registrar/CEO

## **It is a unique time.**

Traditionally, the purpose of an annual report is to review and reflect on the activities of the previous year. It is a useful exercise, as it's an opportunity to celebrate accomplishments while also learning from our mistakes. But this time around, it has been harder to look back; as we put together BCCNP's 2019 Annual Report — a review of our first full year as a single nursing regulator — we, like everyone and everything around us, were engulfed by the COVID-19 pandemic. As a result, our annual report is much shorter than usual.

But in hindsight, much of the work we undertook last year prepared us to continue to fulfill our public protection mandate despite the disruption caused by COVID-19:

- We consulted with nurses and other stakeholders to **harmonize four nursing practice standards**, making them consistent across all nursing designations: Duty to Provide Care, Duty to Report, Privacy & Confidentiality, and Documentation. In particular, having an aligned standard around Duty to

Provide Care has made it easier to provide consistent guidance to nurses during the pandemic.

- We made some critical investments to **improve and harmonize our systems and business processes**, which enabled us to transition, almost overnight, into remote (work-from-home) operations as COVID-19 took hold of the province.
- Three more health profession regulators moved into 200 Granville Street, creating **a hub of 11 regulators** that share office space, costs, resources and best practices. We have continued to collaborate throughout the pandemic, which has made each of us more effective as regulators, and as employers.
- In consultation with internal and external stakeholders, we created **BCCNP's first three-year strategic plan**, outlining our bold vision to meet the challenges of regulating within an increasingly complex healthcare system. While COVID-19 has required us to re-consider our activities for 2020, the plan has helped us to reprioritize and deploy resources towards the most important work.



*...much of the work we undertook last year prepared us to continue to fulfill our public protection mandate despite the disruption caused by COVID-19.*

- At the invitation of the provincial government, we worked with our fellow health profession regulators to **share our ideas for modernizing our regulatory framework**, with a view to improving patient safety and public protection, as well as increasing public confidence. We also submitted a joint proposal with the College of Midwives of British Columbia (CMBC) to amalgamate our two colleges. The government's support of our proposed amalgamation was made evident when they moved quickly to post the necessary regulatory amendments, even as the Ministry of Health was escalating its pandemic response plan.

We could not have accomplished all of this – not to mention our day-to-day core regulatory work – without the hard work and effort of our staff and contractors, our board and committee members, and the many stakeholders with whom we collaborate on a daily basis.

It is difficult to imagine what our world will look like this time next year. What we do know is that when we look back on 2020, we will have an even better appreciation for the critical role that nurses play in our

health care system. And, in turn, we will have a better appreciation for the role of the regulator as an agile partner in healthcare – one that enables and supports nurses to practice safely, competently and ethically.

Thank you for your commitment to the work of the college, and your strong belief in our public protection mandate.

**Robert Calnan**

*BCCNP Board Chair*

**Cynthia Johansen**

*BCCNP Registrar and CEO*



Robert Calnan  
BCCNP Board Chair



Cynthia Johansen  
BCCNP Registrar and CEO

# Regulation by the numbers

**applications  
received (initial and  
reinstatement)**

9,670

**registrants renewed**

54,197

**education  
programs  
reviewed**

22

**colleagues provided  
feedback (MSF)**

35,530

2,800+

**practice  
consultations**

**complaints  
investigations  
resolved**

402

4

**practice  
standards  
harmonized**

# Registrant snapshot

NP onsite reviews completed

65

375

complaints received

5,623

registrants completed MSF

The largest health profession regulator in British Columbia, BCCNP regulates over 60,000 nursing professionals, including licensed practical nurses, nurse practitioners, registered nurses and registered psychiatric nurses.

\* Registrant breakdown as of Dec. 31 for both 2018 and 2019

	2018	2019
<b>Licensed practical nurses</b>		
Practising	13,070	13,317
Provisional	98	115
Non-practising	309	366
<b>Nurse practitioners</b>		
Practising	498	559
Provisional	27	18
Non-practising	27	29
<b>Registered nurses</b>		
Practising	38,408	38,787
RN-certified practice*	1,195	1,182
Provisional	318	278
Non-practising	1,705	1,506
<b>Registered psychiatric nurses</b>		
Practising	2,819	2,905
Provisional	94	68
Non-practising	226	140
<b>Licensed graduate nurses</b>		
Practising	27	24
Non-practising	1	1
<b>Employed student nurses</b>		
Practising	661	689
<b>Employed student psychiatric nurses</b>		
Practising	6	31
<b>TOTAL**</b>	<b>59,489</b>	<b>60,015</b>

\*RN-certified practice must have RN practicing status.

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



*“It is difficult to imagine what our world will look like this time next year. What we do know is that when we look back on 2020, we will have an even better appreciation for the critical role that nurses play in our health care system.”*

**Robert Calnan**, BCCNP Board Chair

**Cynthia Johanson**, BCCNP Registrar and CEO

# BCCNP Board

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

## 2019 BCCNP Board members

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

Public board member

**Maria Bishop, RPN, BHSc, M.Ed**

Board chair and registrant board member

**Robert Calnan, RN, BScN, M.Ed**

Board vice chair and registrant board member

**Pinder K. Cheema, QC**

Public board member

**Laurie Dokis, RN**

Registrant board member  
Anishinabek Nation

**Janene Erickson, MPH**

Public board member  
Nak'azdli Whut'en

**Virginia Gerbrandt, LPN**

Registrant board member

**David Kruyt, BBA, FCPA, FCMA, ICD.D**

Public board member

**Stanley Marchuk, Ph.D, MN, NP(F), CNeph(c)**

Registrant board member

**Mandeep Kaur Mucina, Ph.D**

Public board member

**Agustin Navarro Jr, PT**

Public board member

**Ruth Ringland, MN, NP(F)**

Registrant board member

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

Registrant board member

**Madelon Stevens, LPN**

Registrant board member

**Sangeeta Subramanian, BA, MBA**

Public board member

**Richard Turner, B.Ed (Secondary)**

Public board member

# Fees and Expenses

**BCCNP operates on a not-for-profit basis and collects registration fees from registrants to fund our work. For more detailed information regarding BCCNP's finances, we encourage you to review the 2019 BCCNP financial statements.**

## Practising registration fees

The following practising registration fees were payable for the period of January 1 – December 31, 2019 for LPNs, and March 1, 2019 – February 29, 2020 for NPs, RNs and RPNs.

	LPN	NP	RN	RPN
BCCNP Registration	\$ 397.85	\$ 669.78	\$ 468.48	\$ 468.48
CNPS professional liability protection (RN/NP only)*	N/A*	\$ 128.63	\$ 50.40	\$0.00**
Association (RN and NP only)***	N/A	\$ 110.55	\$ 110.55	N/A
<b>TOTAL FEE</b>	<b>\$ 397.85</b>	<b>\$ 908.96</b>	<b>\$ 629.43</b>	<b>\$ 468.48</b>

\* LPN liability protection fees are included in the BCCNP registration fee. GST is included in the CNPS fee for NPs and RNs.

\*\* RPN CNPS fees for 2019 registration year were paid for with proceeds from the sale of the legacy college building.

\*\*\* The mandatory association fee was collected on behalf of the Association of Registered Nurses of BC under a former fee collection agreement that expired on Dec. 31, 2019.

## Where registrant fees and savings went in 2019 (in 000s)

Area of expenditure	2018	2019
College Amalgamation	4,083	-
Corporate Services*	8,491	9,107
Facilities*	3,706	5,431
Inquiry & Discipline	4,020	4,676
Registration	3,565	4,117
Policy & Practice	2,987	2,768
Strategy & Governance (including executive office)*	2,421	2,335
Quality Assurance	1,551	1,574
Nursing Community Assessment Service**	1,347	1,255
Education Program Review and Entry-level Competencies	481	1,362
Professional Liability Protection/Insurance	535	379
<b>TOTAL</b>	<b>33,187</b>	<b>33,004</b>

\* \$0.98M (2018 - \$0.63M) was recovered from lease and cost sharing arrangements.

\*\* \$1.26M (2018 - \$1.35M) was recovered from NCAS Grant and related assessment fees.



*BCCNP operates on a not-for-profit basis and collects registration fees from registrants to fund our work.*

## Expense highlights

While no year is exactly the same, below are some notable changes in expenses for 2019 compared to 2018.

- Overall expenses in 2019 were \$441,000 less than in 2018.
- With the pending amalgamation with the College of Midwives of BC (Sept. 2020), BCCNP reviewed its anticipated spending for 2019 and deferred some investments that could be done more cost effectively after the amalgamation takes place.
- Spending in 2019 related to the BCCNP amalgamation were more minor and are reflected as part of department or core service expenditures, rather than a separate line item as it was in 2018.
- Corporate Services includes the cost of a required system version upgrade as well as additional technical investments to improve system capacity, performance and to support ongoing amalgamation.
- The Facilities expenditure reflects a full year of office lease costs vs. a four-month period in 2018.
- Inquiry & Discipline increased staff to manage complaints process and legal counsel to manage open case files and hearings.
- Registration expenditure increased from 2018 to add capacity to work on integration of registration programs of the three legacy colleges.
- Education Program Review spending increased to support the breadth of programs to review. On the Entry to Practice side of this department, spending was increased to support the development of a new LPN entry-to-practice exam.



**2019 Financial Statements**

**BCCNP** British Columbia  
College of Nursing  
Professionals

Consolidated Financial Statements of

**BRITISH COLUMBIA COLLEGE OF  
NURSING PROFESSIONALS**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Board of the British Columbia College of Nursing Professionals

### *Opinion*

We have audited the consolidated financial statements of British Columbia College of Nursing Professionals ("BCCNP"), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated financial position of BCCNP as at December 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year 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 BCCNP in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



### ***Emphasis of Matter – Comparative Information***

We draw attention to note 3 to the financial statements (“Note 3”), which explains that certain comparative information presented for the year ended December 31, 2018 has been recast.

Note 3 explains the reason for the recast and also explains the adjustment that was applied to recast certain comparative information.

Our opinion is not modified in respect of this matter.

### ***Other Matter – Comparative Information***

The financial statements for the year ended December 31, 2018, excluding the adjustment that was applied to recast certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 25, 2019.

As part of our audit of the financial statements for the year ended December 31, 2019, we also audited the adjustment that was applied to recast certain comparative information presented for the year ended December 31, 2018. In our opinion, such adjustment is appropriate and has been properly applied.

Other than with respect to the adjustment that was applied to recast certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended December 31, 2018. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

### ***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 BCCNP’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 BCCNP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing BCCNP’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 BCCNP'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 BCCNP'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 BCCNP 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.

*KPMG LLP*

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Chartered Professional Accountants

Vancouver, Canada

April 23, 2020

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

## Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 9,343,900	\$ 7,837,847
Short-term investments (note 4)	952,763	457,666
Accounts receivable (note 5)	225,741	251,747
Leasehold inducement receivable	-	3,100,797
Current portion of prepaid expenses	840,304	650,534
	<u>11,362,708</u>	<u>12,298,591</u>
Investments (note 4)	11,280,633	10,585,305
Prepaid expenses	270,900	270,900
Tangible capital assets (note 6)	10,302,322	11,282,830
Intangible assets (note 7)	578,298	1,033,065
	<u>\$ 33,794,861</u>	<u>\$ 35,470,691</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 1,240,030	\$ 2,659,656
Accrued employment benefits (note 8)	994,932	705,867
Deferred revenue and deposits	14,855,114	13,436,526
Deferred government grant (note 9)	133,331	619,090
Current portion of capital lease obligations (note 10)	25,209	38,268
Current portion of deferred lease inducements (note 11)	239,808	204,841
	<u>17,488,424</u>	<u>17,664,248</u>
Capital lease obligations (note 10)	99,890	161,670
Deferred lease inducements (note 11)	3,091,240	3,147,533
	<u>20,679,554</u>	<u>20,973,451</u>
Net assets:		
Investment in tangible capital assets and intangible assets (note 12)	7,424,473	8,763,583
Unrestricted	5,690,834	5,733,657
	<u>13,115,307</u>	<u>14,497,240</u>
Contingent liabilities (note 16)		
Commitments (note 17)		
Subsequent event (note 19)		
	<u>\$ 33,794,861</u>	<u>\$ 35,470,691</u>

See accompanying notes to consolidated financial statements.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

## Consolidated Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
		(recast – note 3)
Revenue:		
Registration	\$ 25,969,388	\$ 23,868,001
Credentials processing	1,147,233	1,105,351
Examinations	525,403	544,206
Investment income (note 4)	1,677,419	163,356
Nursing Community Assessment Service grant and related assessment fees (note 9)	1,255,504	1,346,719
Lease	685,500	85,465
Cost sharing arrangements	298,179	549,096
Sundry	63,999	65,132
	<u>31,622,625</u>	<u>27,727,326</u>
Expenses:		
Amortization of tangible capital assets and intangible assets	1,377,443	1,311,869
Communications and people	2,091,749	2,026,777
Executive office	1,605,418	1,632,214
Nursing Community Assessment Service program (note 9)	1,255,504	1,346,719
Operations	11,069,382	8,857,895
Regulatory policy and programs	9,820,631	8,585,050
Inquiry and discipline	4,675,853	4,019,932
Strategy and governance	729,781	789,133
	<u>32,625,761</u>	<u>28,569,589</u>
Deficiency of revenue over expenses before the undernoted	(1,003,136)	(842,263)
Other revenue (expenses):		
Amalgamation costs (note 13)	-	(4,083,138)
Gain on disposal of tangible capital asset (note 6)	-	574,005
Registrant insurance and professional liability protection	(378,797)	(534,816)
Total other expenses	<u>(378,797)</u>	<u>(4,043,949)</u>
Deficiency of revenue over expenses	<u>\$ (1,381,933)</u>	<u>\$ (4,886,212)</u>

See accompanying notes to consolidated financial statements.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

## Consolidated Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	Investment in tangible capital assets and intangible assets (note 12)	Unrestricted	2019 Total	2018 Total
Balance, beginning of year	\$ 8,763,583	\$ 5,733,657	\$ 14,497,240	\$ 19,383,452
Deficiency of revenue over expenses	(1,336,776)	(45,157)	(1,381,933)	(4,886,212)
Net change in investment in tangible capital assets and Intangible assets	(2,334)	2,334	-	-
Balance, end of year	\$ 7,424,473	\$ 5,690,834	\$ 13,115,307	\$ 14,497,240

See accompanying notes to financial statements.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

## Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	\$ (1,381,933)	\$ (4,886,212)
Items not involving cash:		
Unrealized investment losses (gains)	(1,144,833)	879,116
Amortization of tangible capital assets	935,615	650,691
Amortization of intangible assets	441,828	661,178
Gain on disposal of tangible capital assets	-	(574,005)
Write-off of tangible capital assets	186,202	-
Write-off of intangible assets	12,939	-
Amortization of deferred lease inducements	(239,808)	(69,106)
	(1,189,990)	(3,338,338)
Changes in non-cash operating working capital:		
Accounts receivable	26,006	1,348,393
Prepaid expenses	(189,770)	62,596
Accounts payable and accrued liabilities	(1,419,626)	1,076,406
Accrued employment benefits	289,065	285,723
Deferred revenue and deposits	1,418,588	2,060,751
Deferred government grant	(485,759)	619,090
	(1,551,486)	2,114,621
Investing:		
Net disposal (purchase) of investments	(45,592)	1,922,968
Purchase of tangible capital assets	(141,309)	(11,292,997)
Purchase of intangible assets	-	(279,841)
Proceeds on disposal of tangible capital assets	-	855,571
	(186,901)	(8,794,299)
Financing:		
Capital lease principal repayments	(74,839)	(19,655)
Lease inducements received	3,319,279	271,920
	3,244,440	252,265
Net change in cash and cash equivalents	1,506,053	(6,427,413)
Cash and cash equivalents, beginning of year	7,837,847	14,265,260
Cash and cash equivalents, end of year	\$ 9,343,900	\$ 7,837,847
Non-cash transactions:		
Tangible capital assets financed by capital lease	\$ -	\$ 191,258
Capitalization of step rent lease inducement	-	82,780

See accompanying notes to consolidated financial statements.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 1. Nature of operations:

British Columbia College of Nursing Professionals ("BCCNP") was established under the Health Professions Act of British Columbia ("HPA"). BCCNP is designated as the regulatory body for nurses in British Columbia under the HPA and is a not-for-profit corporation and, as such, is exempt from income tax.

BCCNP's legal obligation is to protect the public through the regulation of licensed practical nurses ("LPN"), nurse practitioners ("NP"), registered nurses ("RN") and registered psychiatric nurses ("RPN"). This includes setting the standards for entrance into the profession, and for practice and ethics, as well as assessing nursing education programs and addressing complaints about BCCNP registrants. As of December 31, 2019, BCCNP had approximately 60,000 registrants.

The BCCNP Board (the "Board") is the governing body for BCCNP and consists of 16 members. The composition and powers of the Board and the duties of its members are stated in the HPA and in the BCCNP Bylaws.

## 2. Significant accounting policies:

### (a) Basis of accounting:

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as recommended by the Chartered Professional Accountants of Canada.

These consolidated financial statements include the accounts of BCCNP and 0359289 BC Ltd. (formerly CRNBC Captive Insurance Corporation), a wholly owned subsidiary. Balances and transactions between BCCNP and 0359289 BC Ltd. have been eliminated on consolidation.

### (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 BCCNP's operations.

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

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

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 2. Significant accounting policies (continued):

### (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 BCCNP 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 to 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 BCCNP'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. 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

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# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 2. Significant accounting policies (continued):

### (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 BCCNP, 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:

BCCNP 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.

BCCNP 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.

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.

### (i) Allocation of salaries and benefits:

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

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 2. Significant accounting policies (continued):

### (j) Financial instruments:

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

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. BCCNP 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, BCCNP 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 BCCNP 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 consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant estimates include the useful lives of tangible capital assets and intangible assets, the allocation of salary and benefit expense to the appropriate programs, and provision for contingent liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

### (l) New accounting standards:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions – Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in Canadian accounting standards for not-for-profit organizations *Section 4433 Tangible capital assets held by not-for-profit organizations*, *Section 4434 Intangible assets held by not-for-profit organizations* and *Section 4441 Collections held by not-for-profit organizations*. The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019. Management has considered the application of the aforementioned new accounting standards and the implementation of these changes had no impact on BCCNP's financial statements.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 3. Recast of prior year comparative figures:

In 2019, BCCNP reviewed the presentation of its revenue and expenses and noted that lease revenue, Nursing Community Assessment Service grant and related assessment fees revenue, and cost sharing arrangements revenue should be reported on a gross basis instead of on a net basis. The impact of this immaterial error has been recorded retrospectively and prior periods have been recast as follows:

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#### Revenue for 2018:

Revenue, as previously reported	\$	25,746,046
Lease revenue being presented on a gross basis		85,465
Nursing Community Assessment Service grant and related assessment fees revenue being presented on a gross basis		1,346,719
Cost sharing arrangements revenue being presented on a gross basis		549,096
Revenue being presented on a gross basis		1,981,280
Revenue, as recast	\$	27,727,326

#### Expenses for 2018:

Executive office expenses, as previously reported	\$	1,620,839
Expenses being presented on a gross basis		11,375
Expenses, as recast	\$	1,632,214
Operations expenses, as previously reported	\$	8,234,709
Expenses being presented on a gross basis		623,186
Expenses, as recast	\$	8,857,895
Nursing Community Assessment Service expenses, as previously reported	\$	-
Expenses being presented on a gross basis		1,346,719
Expenses, as recast	\$	1,346,719

There is no impact on the total deficiency of revenue over expenses or net assets.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 4. Investments:

	2019	2018
Government bonds	\$ 2,486,564	\$ 2,464,140
Corporate bonds and notes	1,827,498	1,905,717
Equities	7,919,334	6,673,114
	12,233,396	11,042,971
Less short-term investments	952,763	457,666
Long-term investments	\$ 11,280,633	\$ 10,585,305

Government bonds consist of provincial and municipal bonds and bear interest ranging from 2.20% to 3.70% (2018 - 2.20% to 3.70%) with maturities ranging from June 2020 to September 2025. Corporate bonds and notes bear interest ranging from 2.20% to 4.89% (2018 - 2.20% to 4.89%) and have maturities ranging from November 2020 to August 2026. Equities consist of Canadian, U.S. and global publicly traded shares.

Investment income is comprised of the following:

	2019	2018
Interest and dividends	\$ 340,290	\$ 461,463
Realized gains on sale of investments	192,296	581,009
Unrealized gains (losses) from changes in fair value	1,144,833	(879,116)
	\$ 1,677,419	\$ 163,356

### 5. Account receivable:

	2019	2018
Accounts receivable	\$ 225,741	\$ 162,648
Government remittances recoverable	-	89,099
	\$ 225,741	\$ 251,747

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 6. Tangible capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture	\$ 1,670,257	\$ 148,480	\$ 1,521,777	\$ 1,633,674
Equipment	1,767,992	362,786	1,405,206	1,723,769
Leased equipment	158,205	41,650	116,555	199,719
Leasehold improvements	7,968,417	709,633	7,258,784	7,725,668
	<u>\$ 11,564,871</u>	<u>\$ 1,262,549</u>	<u>\$ 10,302,322</u>	<u>\$ 11,282,830</u>

In 2018, BCCNP sold an office for proceeds of \$855,571, resulting in a gain of \$574,005.

In 2019, BCCNP wrote off \$186,202 (2018 – nil) of tangible capital assets based on the fair value of the assets.

## 7. Intangible assets:

	2019	2018
Cost	\$ 4,874,633	\$ 4,955,925
Accumulated amortization	(4,296,335)	(3,922,860)
	<u>\$ 578,298</u>	<u>\$ 1,033,065</u>

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

In 2019, BCCNP wrote off \$12,939 (2018 – nil) of intangible capital assets based on the fair value of the assets.

## 8. Government remittances:

Included in accounts payable and accrued liabilities and accrued employment benefits are government remittances of \$84,168 (2018 – receivable of \$89,099 recorded in accounts receivable) related to payroll and indirect taxes.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 9. Deferred government grant:

BCCNP received grant funding from the Ministry of Health of the Province of British Columbia for the Nursing Community Assessment Service ("NCAS"). The grant funds the deficiency of program assessment fees collected over program expenses. In 2019, NCAS had \$1,255,504 (2018 - \$1,346,719) of expenses, of which \$769,745 (2018 - \$681,622) was funded by assessment fees collected and \$485,759 (2018 - \$665,097) was funded by the grant.

	2019	2018
Deferred government grant (receivable), beginning of year	\$ 619,090	\$ (115,813)
Funding received	-	1,400,000
Grant revenue recognized	(485,759)	(665,097)
Deferred government grant, end of year	\$ 133,331	\$ 619,090

## 10. Capital lease obligations:

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

2020	\$	39,245
2021		39,245
2022		39,245
2023		39,245
2024		3,080
Total minimum lease payments		160,060
Less implied interest rate of 12.25%		34,961
Present value of minimum lease payments		125,099
Less current portion of capital lease obligations		25,209
Long-term portion of capital lease obligations	\$	99,890

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 11. Deferred lease inducements:

BCCNP 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.

	2019	2018
Deferred lease inducements, beginning of year	\$ 3,352,374	\$ 113,640
Lease inducements additions	218,482	3,307,840
Amortization recorded net of related lease expense	(239,808)	(69,106)
Deferred lease inducements, end of year	3,331,048	3,352,374
Current portion	239,808	204,841
Long-term portion of deferred lease inducement	\$ 3,091,240	\$ 3,147,533

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

### 12. Investment in tangible capital assets and intangible assets:

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

	2019	2018
Tangible capital assets	\$ 10,302,322	\$ 11,282,830
Intangible assets	578,298	1,033,065
Amounts financed by:		
Capital leases obligations	(125,099)	(199,938)
Deferred lease inducements	(3,331,048)	(3,352,374)
	\$ 7,424,473	\$ 8,763,583

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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

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

	2019	2018
Excess (deficiency) of revenue over expenses:		
Amortization of tangible capital assets and intangible assets	\$ (1,377,443)	\$ (1,311,869)
Amortization of deferred lease inducement	239,808	69,106
Gain on disposal of tangible capital assets	-	574,005
Write-off of tangible capital assets and intangible assets	(199,141)	-
	<u>\$ (1,336,776)</u>	<u>\$ (668,758)</u>
Net change in investment in tangible capital assets and intangible assets:		
Purchase of tangible capital assets	\$ 141,309	\$ 11,567,035
Additions of intangible assets	-	279,841
Proceeds on disposal of tangible capital assets	-	(855,571)
New capital leases	-	(191,258)
Capital lease principal repayments	74,839	19,655
Increase in lease inducements	(218,482)	(3,307,840)
	<u>\$ (2,334)</u>	<u>\$ 7,511,862</u>

## 13. Amalgamation costs:

On September 4, 2018, the three separate colleges – College of Registered Psychiatric Nurses of British Columbia (“CRPNBC”), College of Licensed Practical Nurses of British Columbia (“CLPNBC”), and College of Registered Nurses of British Columbia (“CRNBC”) - were amalgamated into BCCNP. The incremental costs to amalgamate for 2018 includes spending on the initial business case and consultation for the amalgamation, the amalgamation of certain IT systems, revisions to bylaws and related register changes, initial regulatory and operational process reengineering, transition steering committee support, CEO search support, branding and initial website development, project management and project office space, and governance and change management supports. Costs related to developing new employment contracts and payroll costs due to staff changes arising directly from the amalgamation were also included.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 14. Municipal Pension Plan:

BCCNP and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteesd 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, 2018, the Plan has about 205,000 active members and approximately 101,000 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.

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.

BCCNP paid \$1,296,194 (2018 - \$1,138,631) for employer contributions to the plan in 2019.

## 15. Related party transactions:

Pursuant to the HPA, BCCNP's Board has the authority to set its own remuneration for its members' involvement in BCCNP. 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 \$40,393 (2018 - \$54,834).

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 16. Contingent liabilities:

In 2014, the BC Nurses' Union initiated a civil claim against the legacy CRNBC college, 0359298 BC Ltd. and CRNBC's Registrar/CEO, challenging CRNBC's authority to have made a \$1,500,000 grant to the Association of Registered Nurses of British Columbia using funds derived from the redemption of preferred shares of its wholly owned subsidiary 0359298 BC Ltd. This matter is ongoing and the outcome and an estimate of loss, if any, is not determinable.

BCCNP has also received notification of other 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. BCCNP 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.

## 17. Commitments:

- (a) BCCNP entered into two separate five-year agreements with the Canadian Nurses Protective Society to provide retroactive and ongoing professional liability protection for BCCNP's practicing registrants (excluding LPN). The agreement covering the legacy CRNBC registrants is for approximately \$2,100,000 per year, expiring in 2021. The agreement covering the legacy CRPNBC registrants is for approximately \$142,000 per year, expiring in 2025. The legacy CLPNBC registrants receive insurance coverage on a claims-made basis through a commercial insurer at approximately \$76,000 per year.
- (b) BCCNP's total obligations under operating leases for occupied premises, exclusive of property taxes and other occupancy charges are as follows:

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2020	\$ 1,710,885
2021	1,664,411
2022	1,673,528
2023	1,710,442
2024	1,747,356
2025	1,784,271
Thereafter	14,036,469
	<hr/>
	\$ 24,327,362

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# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 18. Financial instrument risks:

BCCNP'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. BCCNP 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. BCCNP 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. BCCNP 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. BCCNP's primary exposure to interest rate risk is with its investments. BCCNP maintains a diversified investment portfolio to manage its interest rate exposure. The interest rates and terms of cash and cash equivalents and investments are as disclosed in note 4.

### (d) Liquidity risk:

Liquidity risk is the risk that BCCNP will not be able to meet its obligations as they fall due. BCCNP 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 2019.

# BRITISH COLUMBIA COLLEGE OF NURSING PROFESSIONALS

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## **19. Subsequent event:**

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This situation presents uncertainty over BCCNP's future cash flows, and may have a significant impact on BCCNP's future operations. Potential impacts on BCCNP's operations could include future decreases in revenue, a decline in the market value of equity investments (note 4) and changes in the timing of future cash flows. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on BCCNP is not practicable at this time.

## **20. Comparative information:**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.