

Financial Statement of



For the Year Ended December 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of the College of Midwives of Alberta

Opinion

We have audited the financial statements of the College of Midwives of Alberta ('the College'), which comprise the statement of financial position as at December 31, 2018, and the statement of operations, statement of changes in net equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College of Midwives of Alberta as at December 31, 2018, and its financial performance and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the College 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.

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 the College'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 the College or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the College's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

DWAYNE VINCK
CHARTERED ACCOUNTANT



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 the College'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 the College 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Dwayne Vinck, Chartered Accountant
Calgary, Alberta
May 9, 2019

College of Midwives of Alberta
Statement of Financial Position
As At December 31, 2018

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 402,102 | \$ 352,911 |
| Hearing investment fund | 193,049 | 186,470 |
| Jurisprudence fund (Note 3) | - | 5,000 |
| Accounts receivable | 4,671 | 10,550 |
| Prepaid expenses and deposits | 4,822 | 3,772 |
| Total current assets | 604,644 | 558,703 |
| Furniture and equipment (Note 3) | 7,500 | 9,406 |
| Software (Note 3) | 107,222 | 110,238 |
| Software grant (Note 3) | (95,158) | (95,158) |
| Total assets | \$ 624,208 | \$ 583,189 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 28,380 | \$ 31,949 |
| Deferred revenue | 414,200 | 368,850 |
| Total liabilities | 442,580 | 400,799 |
| Net assets | 181,628 | 182,389 |
| Commitments (Note 9) | | |
| Net assets represented by | | |
| Internally restricted - hearing fund | 58,238 | 53,238 |
| Unrestricted general fund | 123,390 | 129,151 |
| | \$ 181,628 | \$ 182,389 |

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

College of Midwives of Alberta
Statement of Operations
For the Year Ended December 31, 2018

| | 2018 | 2017 |
|--|-----------------|-----------------|
| Revenue | | |
| Membership registration fees | \$ 335,102 | \$ 304,689 |
| Application fees | 4,500 | 9,000 |
| Exam fees | 23,922 | 8,250 |
| Service fees | 516 | 350 |
| Interest income | 2,209 | 1,267 |
| Total revenue | 366,249 | 323,556 |
| Expenses | | |
| Canadian Midwifery regulators exam | 11,500 | - |
| Canadian Midwifery regulators consortium | 9,000 | 10,000 |
| Objective structured clinical exam costs | 9,341 | - |
| Hearings | 44,163 | 30,663 |
| Legal | 49,474 | 13,663 |
| Staff wages and benefits | 151,493 | 129,231 |
| Board and committee | 12,332 | 14,975 |
| Investigations | - | 24,216 |
| Assessors/committee training | 3,621 | 949 |
| General and administration (Note 7) | 23,148 | 40,426 |
| Office rent (Note 9) | 32,281 | 31,234 |
| Insurance | 4,985 | 4,770 |
| Travel | 10,063 | 8,095 |
| Training | 288 | - |
| Amortization and depreciation (Note 3) | 5,322 | 6,231 |
| Total expenses | 367,011 | 314,453 |
| Revenue in excess of expense | \$ (762) | \$ 9,103 |

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

College of Midwives of Alberta
Statement of Changes in Net Assets
For the Year Ended December 31, 2018

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Internally restricted - hearing fund | | |
| Balance, beginning of year | \$ 53,238 | \$ 48,238 |
| Tranferred from general fund | 5,000 | 5,000 |
| Balance, end of year | 58,238 | 53,238 |
| Unrestricted -general fund | | |
| Balance, beginning of year | 129,152 | 125,049 |
| Revenue in excess of expenses | (762) | 9,103 |
| Transferred to hearing fund | (5,000) | (5,000) |
| Balance, end of year | 123,390 | 129,152 |
| Net assets, end of year | \$ 181,628 | \$ 182,390 |

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

College of Midwives of Alberta
Statement of Cash Flows
For the Year Ended December 31, 2018

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Operating activities | | |
| General fund from operations | \$ (762) | \$ 9,103 |
| Add back - amortization | 5,322 | 6,231 |
| Changes in working capital (Note 8) | 46,610 | (34,963) |
| | <u>51,170</u> | <u>(19,629)</u> |
| Investing activities | | |
| Hearing investment fund | (6,579) | (63,232) |
| Jurisprudence fund | 5,000 | 30,534 |
| Purchase of property and equipment | (400) | (5,114) |
| Software | - | (63,900) |
| Software Jurisprudence grant amortization | - | 45,050 |
| | <u>(1,979)</u> | <u>(56,662)</u> |
| Increase in cash and cash equivalents during the year | 49,191 | (76,291) |
| Cash and cash equivalents balance, beginning of year | 352,911 | 429,202 |
| Cash and cash equivalents balance, end of year | <u>\$ 402,102</u> | <u>\$ 352,911</u> |

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

**College of Midwives of Alberta
Notes to the Financial Statements
For the Year Ended December 31, 2018**

1. Nature of operations:

The College of Midwives of Alberta (“the College”) was created on January 1, 2013 and is a not-for-profit association with a duty to public safety and to the midwives of Alberta, to support them in the provision of safe and effective midwifery services. The College is a regulatory body mandated to serve and protect the public interest by regulating midwifery practice in accordance with the Health Disciplines Act, the Midwifery Regulation, the Standards of Competency and Practice, the Bylaws of the College and any other relevant legislation. The goal of the College is to register qualified, competent midwives to provide safe, high quality care to women and their families in the province of Alberta.

2. Adoption of accounting framework, significant accounting policies, judgments and estimation uncertainty:

a. Basis of presentation and measurement and adoption of Canadian accounting standards for not-for-profit organizations

The College uses the Canadian Accounting Standards for Not-For-Profit organizations issued by the Accounting Standards Board of the Chartered Professional Accountants of Canada.

Use of estimates - The significant area requiring the use of management estimates is accounts receivable allowance for doubtful accounts, amortization, and deferred revenues.

These financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Financial results as determined by actual events may differ from these estimates. These financial statements have, in management’s opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

b. Capital disclosures

The College discloses information about its objectives, policies and processes for managing capital, quantitative information about what the College regards as capital and information regarding its compliance with any externally imposed capital requirements and the consequences of any non-compliance. (See note 6).

c. Financial instruments presentation and disclosure

All financial instruments must be classified as one of the following five categories: loans and receivables; held-to-maturity investments; held-for-trading instruments; available-for-sale financial assets; or other financial liabilities. All financial instruments are initially recognized on the statement of financial position at fair value. Subsequent measurement will depend on their initial classification.

Cash and cash equivalents, Holding investment funds, and Jurisprudence funds are designated as held-for-trading and are measured at fair value, which approximates carrying value. Accounts receivable are designated as loans and receivables and are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities, and deferred revenues are designated as other liabilities.

d. Revenue recognition

Membership fee revenue is recognized as revenue over the period to which it relates. Membership fee revenues received prior to the due date are recorded as deferred revenue.

Government grant revenue and Alberta Association of Midwives grant revenues are recognized as revenue over the period to which it relates. Government grant revenue and Alberta Association of Midwives grant revenues received which apply to a subsequent period are recorded as deferred revenue and subsequently recognized as revenue over the period to which they relate. Restricted grants are recognized as revenue in the year in which the related expenses are incurred.

**College of Midwives of Alberta
Notes to the Financial Statements
For the Year Ended December 31, 2018**

Volunteer contributed services

The College receives volunteer services in carrying out its activities which are not recognized in the financial statements.

Expense recognition

Expenses are recorded on the accrual basis whereby they are reflected in the accounts in the period in which they are incurred, whether or not such transactions have been finally settled.

e. Fund accounting

The College maintains the following funds:

- i) General fund: To account for all revenues, expenses, assets and liabilities related to the operation of the College.
- ii) Internally Restricted Hearing fund: To account for all revenues, expenses, assets and liabilities related to Hearings and Investigations conducted by the College. This fund is comprised of two GIC's and a general savings account.

f. Income taxes

No provision for income taxes has been made in these financial statements as the College is not subject to income taxes.

g. Capital assets

Furniture and equipment are recorded at historical cost. Amortization is provided on a straight-line basis over seven years, which represents the estimated useful lives of the assets. Computers are amortized on a declining balance basis at 30%. Amortization rates, estimates lives and salvage values are reassessed annually.

h. Intangible software assets

Intangible software assets relate to the development of an Alberta Midwifery Culture and Jurisprudence online learning module and examination. Software is amortized on a straight line basis over five years which estimates useful life of software asset. When the intangible asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value should be recognized as an expense in the statement of operations.

3. Furniture, equipment and Software

| | 2018 | 2017 |
|--------------------------|-----------|-----------|
| Furniture and equipment | \$ 19,155 | \$ 18,755 |
| Accumulated amortization | (11,655) | (9,349) |
| | \$ 7,500 | \$ 9,406 |

**College of Midwives of Alberta
Notes to the Financial Statements
For the Year Ended December 31, 2018**

| | 2018 | 2017 |
|--------------------------|-------------------|-------------------|
| Software | \$ 114,008 | \$ 114,008 |
| Accumulated amortization | (6,786) | (3,770) |
| | \$ 107,222 | \$ 110,238 |

The College had a Jurisprudence Grant funding agreement with Alberta Ministry of Jobs, Skills, Training and Labour where the College used \$95,158 for costs incurred to develop a Midwifery Culture and Jurisprudence online learning module and examination. \$114,008 of costs have been incurred which are recognized as intangible software assets.

4. Deferred revenue

As at December 31, 2018 and 2017 the College has received the following amounts which relate to subsequent periods:

| | 2018 | 2017 |
|-------------------------------------|-------------------|-------------------|
| Membership fees received in advance | \$ 339,200 | \$ 293,850 |
| Hearings fund | 75,000 | 75,000 |
| | \$ 414,200 | \$ 368,850 |

The College received \$75,000 in 2013 from Alberta Association of Midwives for new hearings after 2012. There have been no new hearings during 2013 to 2017 inclusive and this amount is available for application against future cost of hearings. Hearing costs of 44,163 were incurred in 2018 and included in the statement of operations.

5. Financial risk exposure, risk management and financial instruments

Fair value

Financial instruments of the College consist primarily of cash and cash equivalents, Hearing investment funds, Jurisprudence fund, accounts receivable, accounts payable and accrued liabilities, and deferred revenues. As at December 31, 2018 and 2017, there were no significant differences between the carrying amounts reported on the statement of financial position and their estimated fair values.

Liquidity risk

The College maintains sufficient cash on hand to meet current liabilities.

Interest rate risk

The College has no interest bearing debt . Cash and investments bear interest at variable market rate.

Credit risk

Cash and investments are held with one bank. Accounts receivable is comprised predominantly of Registration Fees paid annually by Midwives. Revenues are presented net of accounts receivable impairment write-downs of \$nil.

**College of Midwives of Alberta
Notes to the Financial Statements
For the Year Ended December 31, 2018**

Foreign currency risk

The College does not have significant exposure to foreign currency rate risk.

6. Capital Disclosures

The College considers its capital to comprise of its net assets. The College Board of Directors objective for managing capital is to retain sufficient resources to achieve it's mandate while complying with any expenditure compliance requirements of Government or Alberta Association of Midwives grant funding agreements.

The College Board has the right to issue an additional levy to memberships fees should the need arise.

7. General and Administration

| | 2018 | 2017 |
|---------------------------|------------------|------------------|
| Advertising and promotion | \$ 854 | \$ 5,497 |
| Bank service charges | 417 | 229 |
| Computer | 338 | 324 |
| Dues and subscriptions | 25 | 525 |
| Meals and entertainment | 775 | 568 |
| Office supplies | 288 | 3,640 |
| Postage and delivery | 717 | 1,259 |
| Printing and reproduction | 125 | 2,363 |
| Consulting | 9,986 | 15,481 |
| Repairs | 1,009 | 756 |
| Telephone | 2,314 | 2,232 |
| Audit and accounting fees | 6,300 | 6,300 |
| Office relocation | - | 1,252 |
| | \$ 23,148 | \$ 40,426 |

8. Changes in non-cash working capital

| | 2018 | 2017 |
|--|------------------|--------------------|
| Accounts receivable | \$ 5,880 | \$ (1,775) |
| Prepaid expense and deposits | (1,050) | - |
| Accounts payable and accrued liabilities | (3,570) | (16,754) |
| Deferred revenues | 45,350 | (16,434) |
| | \$ 46,610 | \$ (34,963) |

**College of Midwives of Alberta
Notes to the Financial Statements
For the Year Ended December 31, 2018**

9. Commitments

The College has an operating lease agreement for its office space ending January 31, 2022, requiring annual office lease payments of \$32,252.

The College has entered a services agreement with the developer of in1touch software ending January 7, 2023 which requires annual software use payments of \$13,800.