

UNITED NURSES OF ALBERTA
Consolidated Financial Statements
Year Ended December 31, 2022



INDEPENDENT AUDITOR'S REPORT

To the Members of United Nurses of Alberta

Opinion

We have audited the consolidated financial statements of United Nurses of Alberta (the Union), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Union as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Consolidated Financial Statements* section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the consolidated 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. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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Independent Auditor's Report to the Members of United Nurses of Alberta *(continued)*

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 the Union'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 Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Edmonton, Alberta
June 15, 2023



Chartered Professional Accountants

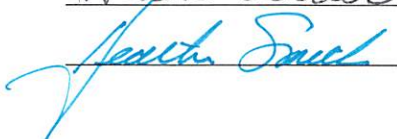
UNITED NURSES OF ALBERTA
Consolidated Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 4)	\$ 39,990,391	\$ 31,181,735
Accounts receivable	4,810,117	4,718,243
Prepaid expenses	2,041,419	2,090,122
	<u>46,841,927</u>	<u>37,990,100</u>
INVESTMENTS (Note 5)	7,895,250	7,734,933
RESTRICTED CASH (Note 6)	2,145,260	1,795,865
EQUIPMENT AND LEASEHOLDS (Note 7)	1,073,828	1,161,608
	<u>\$ 57,956,265</u>	<u>\$ 48,682,506</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,294,094	\$ 6,089,218
FUNDS HELD IN TRUST (Note 6)	2,145,260	1,795,865
DEFERRED LEASE INDUCEMENTS (Note 8)	455,953	452,642
	<u>9,895,307</u>	<u>8,337,725</u>
NET ASSETS		
Invested in Equipment and Leaseholds	727,612	708,866
Collective Bargaining Fund	7,222,126	7,481,276
Office Fund	792,795	814,318
International Solidarity Fund	425,805	383,657
Advocacy and Affiliation Fund	-	-
Unappropriated General Fund	38,892,620	30,956,664
	<u>48,060,958</u>	<u>40,344,781</u>
	<u>\$ 57,956,265</u>	<u>\$ 48,682,506</u>

LEASE COMMITMENTS (Note 9)

APPROVED BY THE BOARD

 Director

 Director

UNITED NURSES OF ALBERTA
Consolidated Statement of Revenue and Expenditures
Year Ended December 31, 2022

	2022	2021
REVENUE		
Membership dues	\$ 38,362,015	\$ 38,397,628
Investment income	923,622	270,359
Other	150,287	165,450
	<u>39,435,924</u>	<u>38,833,437</u>
EXPENDITURES		
Advocacy and affiliation	2,352,966	3,000,064
Collective agreement administration	892,244	873,969
Collective bargaining	284,782	388,401
Education	527,033	173,928
Executive board	1,601,239	1,562,140
General and administrative (<i>Note 7</i>)	6,385,873	5,094,170
Research	11,240	-
Membership services	6,301,163	5,951,264
Salaries, benefits and development	13,363,207	12,825,862
	<u>31,719,747</u>	<u>29,869,798</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 7,716,177</u>	<u>\$ 8,963,639</u>

UNITED NURSES OF ALBERTA
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2022

	2021 Balance	Excess of revenue over expenditures	Transfers	2022 Balance
Invested In Equipment And Leaseholds	\$ 708,866	\$ (253,751)	\$ 272,497	\$ 727,612
Collective Bargaining Fund	7,481,276	(259,150)	-	7,222,126
Office Fund	814,318	(21,523)	-	792,795
International Solidarity Fund	383,657	42,148	-	425,805
Advocacy and Affiliation Fund	-	(2,352,966)	2,352,966	-
Unappropriated General Fund	30,956,664	10,561,419	(2,625,463)	38,892,620
	<u>\$ 40,344,781</u>	<u>\$ 7,716,177</u>	<u>\$ -</u>	<u>\$ 48,060,958</u>

UNITED NURSES OF ALBERTA
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Revenue over expenditures	\$ 7,716,177	\$ 8,963,639
Items not affecting cash:		
Amortization of equipment and leaseholds	360,275	365,951
Amortization of deferred lease inducements	(106,426)	(106,427)
Non-cash rent recovery	-	(77,504)
Non-cash rent expense	109,737	-
Change in non-cash working capital <i>(Note 10)</i>	1,161,707	(769,204)
Cash flow from operating activities	9,241,470	8,376,455
FINANCING ACTIVITIES		
Net increase in funds held in trust <i>(Note 6)</i>	349,395	526,642
INVESTING ACTIVITIES		
Proceeds from disposition of investments	7,734,933	7,323,408
Purchase of investments	(7,895,250)	(7,408,091)
Purchase of equipment and leaseholds	(272,497)	(178,932)
Net increase in restricted cash <i>(Note 6)</i>	(349,395)	(526,642)
Cash flow used by investing activities	(782,209)	(790,257)
INCREASE IN CASH FLOW	8,808,656	8,112,840
Cash - beginning of year	31,181,735	23,068,895
CASH - END OF YEAR	\$ 39,990,391	\$ 31,181,735

UNITED NURSES OF ALBERTA
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. PURPOSE

The objective of the United Nurses of Alberta is the advancement of the social, economic and general welfare of nurses and other allied personnel. The Union is incorporated under the Societies Act of the Province of Alberta and is exempt from income tax under the provisions of paragraph 149(1)(l) of the Income Tax Act. No dividends may be paid nor any assets of the Union distributed to the members of the Union.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Basis of presentation

These consolidated financial statements include the accounts of United Nurses of Alberta - Provincial and the United Nurses of Alberta - Locals.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. The COVID-19 pandemic has increased the challenges associated with this estimation process. Estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates made by management include:

- The assessment of the useful lives of capital assets. This assessment has an impact on the amortization and net book value of the assets recorded in the consolidated financial statements.

Financial instruments

Measurement

The Union initially measures its financial assets and liabilities at fair value. The Union subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, restricted cash and guaranteed investment certificates included in investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and funds held in trust.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

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UNITED NURSES OF ALBERTA
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Cash

Cash consists of balances held with financial institutions. Cash subject to restrictions that prevent its unrestricted use is included in restricted cash (Note 6).

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided using the straight-line method at the following annual rates:

Office equipment	12.5%	straight-line method
Computer equipment	25.0%	straight-line method

Leasehold improvements

Leasehold improvements are recorded at cost less accumulated amortization and is amortized on the straight-line basis over the term of the lease which is 15 years including one renewal term.

Deferred lease inducements

Lease inducements are capitalized and taken into income on the straight-line basis over the term of the lease which is 15 years including one renewal term.

Deferred rent incentives

Rent incentives are recorded over the 10 year term of the lease on a straight line basis that reflects an increased expense with increased cash requirements in years 5 through 10 of the lease.

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UNITED NURSES OF ALBERTA
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

United Nurses of Alberta uses the deferral method of accounting for contributions. Transfers to the equipment and leasehold fund and the advocacy and affiliation fund have been recorded in the statement of changes in net assets.

Collective Bargaining Fund

The Collective Bargaining Fund was established and internally restricted in 1979 to provide assistance to members in the event of a strike and to cover costs of contract negotiations. A minimum of three million dollars (cash value) shall be in the Collective Bargaining Fund at the commencement of provincial group bargaining. Contributions to this fund shall be allocated from the Union's membership dues and disbursements from this fund shall be determined through annual budgeting prepared by the Executive Board.

Invested in Equipment and Leaseholds

The Invested in Equipment and Leaseholds is a reflection of the Union's net equipment and leaseholds.

Office Fund

The Office Fund is a reflection of funds being set aside for possible future building purchase or building construction.

International Solidarity Fund

The International Solidarity Fund is a reflection of funds being set aside for grants to the Union's members for the purpose of engaging in missions abroad that provide humanitarian assistance of capacity-building to a host community.

Advocacy and Affiliation Fund

The Advocacy and Affiliation Fund is a reflection of funds being set aside for matters relating to advocacy on public interest issues that are aimed at improving the conditions for its members.

Unappropriated General Fund

The Unappropriated General Fund includes the surplus remaining after deducting operating expenditures and transfers to other funds. The transfers to the other funds are approved by the Executive Board. Membership dues are recognized as revenue in accordance with the pay period to which the members' payroll and dues relate. Investment revenue is recorded when it is earned.

UNITED NURSES OF ALBERTA
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

3. FINANCIAL INSTRUMENTS

The Union is exposed to various risks through its financial instruments. The following analysis provides information about the Union's risk exposure and concentration at December 31, 2022.

Liquidity risk

Liquidity risk is the risk that the Union will encounter difficulty in meeting obligations associated with financial liabilities. The Union is exposed to this risk mainly in respect of its receipt of funds from its members' employers. It mitigates this risk by only entering into contracts when there are sufficient funds to do so, and by maintaining highly liquid cash and investment balances for contingencies.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cashflows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets and liabilities, known as price risk. The Union is exposed to interest rate risk through its interest-bearing investments and available line of credit. The risk is managed by concentrating investing in low risk income generating investments.

4. BANK LINE-OF-CREDIT

The Union has a line-of-credit available in the amount of \$4,800,000 by way of demand operating loan. The operating loan advances are due on demand, bear interest at the lender's prime rate and are secured by a general security agreement covering all assets of the Union as well as a guaranteed investment certificate in the minimum amount of \$890,567. The Union did not utilize any funds from this line-of-credit in the year or in the prior year.

5. INVESTMENTS

Investments consist of guaranteed investment certificates. The guaranteed investment certificates have interest rates ranging from 0.10% and 3.50% (2021 - 0.05% and 2.33%) and mature between January 2023 and October 2025 (2021 - April 2022 and June 2024). Certain guaranteed investment certificates have been provided as security on the bank line-of-credit described in Note 4. The Union intends for the guaranteed investment certificates to be reinvested upon maturity and thus they are classified as long term.

6. RESTRICTED CASH AND FUNDS HELD IN TRUST

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 1,795,865	\$ 1,269,223
Receipts during the year	720,938	685,122
Expenditures during the year	<u>(371,543)</u>	<u>(158,480)</u>
Ending balance	<u>\$ 2,145,260</u>	<u>\$ 1,795,865</u>

Restricted cash is held in trust for members of certain locals outside Union business. Some employers entitled to employment insurance premium reductions have distributed the employee portion of their savings through Union locals rather than reimbursing the employees directly. This balance represents the accumulated, unexpended funds held in trust for those members. In accordance with the Canada Revenue Agency, it is expected that the contributions to these funds are spent either within the year or within four months of the following year.

UNITED NURSES OF ALBERTA
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

7. EQUIPMENT AND LEASEHOLDS

	Cost	Accumulated amortization	2022 Net book value
Office equipment	\$ 442,485	\$ 416,394	\$ 26,091
Computer equipment	1,357,112	987,817	369,295
Leasehold improvements	2,858,235	2,179,793	678,442
	\$ 4,657,832	\$ 3,584,004	\$ 1,073,828
	Cost	Accumulated amortization	2021 Net book value
Office equipment	\$ 444,214	\$ 407,367	\$ 36,847
Computer equipment	1,272,401	959,144	313,257
Leasehold improvements	2,789,687	1,978,183	811,504
	\$ 4,506,302	\$ 3,344,694	\$ 1,161,608

Included in general and administrative expenditures is amortization expense of \$360,275 (2021 - \$365,951).

8. DEFERRED LEASE INDUCEMENTS AND RENT INCENTIVES

	2022	2021
Lease inducements		
Original inducement	\$ 1,575,189	\$ 1,575,189
Accumulated amortization	(1,228,973)	(1,122,547)
	346,216	452,642
Rent incentives		
Original incentive	109,737	617,162
Accumulated amortization	-	(617,162)
	109,737	-
Grand total	\$ 455,953	\$ 452,642

Included in general and administrative expenditures is amortization of lease inducements of \$106,426 (2021 - \$106,426) and rent incentives of \$nil (2021 - \$77,504).

UNITED NURSES OF ALBERTA
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

9. LEASE COMMITMENTS

The payments below include minimum lease payments for Edmonton office space. Under the terms of the agreement, the Union is required to pay monthly lease payments of \$101,399 commencing August 1, 2022 and ending July 31, 2032. The lease terms also allow for two consecutive five year renewal options.

The payments below also include minimum lease payments for Calgary office space. Under the terms of the agreement, the Union is required to pay monthly lease payments of \$18,065 commencing May 1, 2013 and ending April 30, 2023. The lease terms also allow for two consecutive five year renewal options.

Minimum lease payments over each of the next five years under operating lease agreements for premises and equipment are approximately as follows:

2023	\$ 1,433,565
2024	1,289,043
2025	1,216,782
2026	1,216,782
2027	1,250,582
Thereafter	6,192,068
	<u>\$ 12,598,822</u>

10. CHANGE IN NON-CASH WORKING CAPITAL

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ (91,874)	\$ (684,287)
Prepaid expenses	48,703	(333,587)
Accounts payable and accrued liabilities	<u>1,204,878</u>	<u>248,670</u>
	<u>\$ 1,161,707</u>	<u>\$ (769,204)</u>

UNITED NURSES OF ALBERTA
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

11. STATEMENT OF FINANCIAL POSITION - UNITED NURSES OF ALBERTA - LOCALS

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT		
Cash	\$ 13,430,173	\$ 12,177,830
Accounts receivable	341,756	319,591
Prepaid expenses	103,825	109,827
	<u>13,875,754</u>	<u>12,607,248</u>
EQUIPMENT	10,240	15,073
INVESTMENTS	371,862	326,842
RESTRICTED CASH (Note 6)	<u>2,145,260</u>	<u>1,795,865</u>
	<u>\$ 16,403,116</u>	<u>\$ 14,745,028</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 774,071	\$ 639,956
FUNDS HELD IN TRUST (Note 6)	<u>2,145,260</u>	<u>1,795,865</u>
	<u>2,919,331</u>	<u>2,435,821</u>
NET ASSETS		
Invested in Equipment	10,240	15,073
Unappropriated General Fund	<u>13,473,545</u>	<u>12,294,134</u>
	<u>\$ 16,403,116</u>	<u>\$ 14,745,028</u>