



Financial Statements

For the year ended December 31, 2022

DWAYNE VINCK
CHARTERED PROFESSIONAL ACCOUNTANT



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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, 2022, and the statement of operations, changes in net assets 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, 2022, 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.

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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 the Organization'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 Organization'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 Organization 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.

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.

DWAYNE VINCK CHARTERED PROFESSIONAL ACCOUNTANT

Calgary, Alberta
April 20, 2023

College of Midwives of Alberta

Statement of Financial Position

As at December 31, 2022

| | | 2022 | 2021 |
|--|-------|---------------------|---------------------|
| ASSETS | | | |
| | Notes | | |
| Current Assets | | | |
| Cash | | \$ 1,072,894 | \$ 703,198 |
| Hearing investments | 2 | 506,119 | 500,999 |
| Prepaid expenses and deposits | | 4,217 | 3,772 |
| Total Current Assets | | 1,583,230 | 1,207,969 |
| Machinery, equipment, furniture and fixtures | 3 | 3,499 | 5,602 |
| Software | 3 | 2,497 | - |
| Total Assets | | \$ 1,589,226 | \$ 1,213,571 |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 90,010 | \$ 38,243 |
| Deferred revenue | 4 | 520,683 | 453,772 |
| Total Liabilities | | 610,693 | 492,015 |
| Commitments | 9 | | |
| Net assets represented by | | | |
| Internally restricted - hearing fund | | 425,721 | 420,721 |
| Unrestricted general fund | | 552,812 | 300,835 |
| Total Net Assets | | \$ 978,533 | \$ 721,556 |

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, 2022

| | | 2022 | 2021 |
|--|-------|-------------------|-------------------|
| Revenue | Notes | | |
| Membership registration fees | | \$ 685,014 | \$ 664,783 |
| Hearings Revenue | 4 | 20,296 | 30,901 |
| Application fees | | 4,500 | 5,700 |
| Objective structured clinical exam fees | | 3,000 | 6,000 |
| Service fees | | 1,385 | 925 |
| Interest income | | 5,770 | 999 |
| Total revenue | | 719,965 | 709,308 |
| Operating expenses | | | |
| Canadian Midwifery regulators exam | | 9,650 | 9,380 |
| Objective structured clinical exam costs | | - | 8,459 |
| Hearings | 4 | 36,053 | 80,524 |
| Legal | | 33,780 | 28,023 |
| Staff wages and benefits | | 218,042 | 199,910 |
| Board and committee | | 29,150 | 32,368 |
| Complaints | | 24,226 | 15,767 |
| Assessors/committee training | | 6,063 | 1,512 |
| General and administration | 7 | 73,944 | 65,717 |
| Office rent | | 18,933 | 35,434 |
| Insurance | | 5,827 | 5,686 |
| Travel | | 4,790 | 425 |
| Amortization and depreciation | 3 | 2,530 | 6,993 |
| Total expenses | | 462,988 | 490,198 |
| Revenue in excess of expense | | \$ 256,977 | \$ 219,110 |

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, 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Internally restricted - hearing fund | | |
| Balance, beginning of year | \$ 420,721 | \$ 76,000 |
| Transferred from general fund | 5,000 | 344,721 |
| Balance, end of year | 425,721 | 420,721 |
| Unrestricted -general fund | | |
| Balance, beginning of year | 300,835 | 426,446 |
| Revenue in excess of expense | 256,977 | 219,110 |
| Transfer to hearing fund | (5,000) | (344,721) |
| Balance, end of year | 552,812 | 300,835 |
| Net assets, end of year | \$ 978,533 | \$ 721,556 |

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, 2022

| | | 2022 | 2021 |
|--|-------|---------------------|-------------------|
| Operating activities | | | |
| | Notes | | |
| General fund from operations | | \$ 256,977 | \$ 219,110 |
| Add back - amortization | | 2,530 | 6,993 |
| Changes in non-cash working capital | 8 | 118,233 | 8,683 |
| | | 377,740 | 234,786 |
| Investing activities | | | |
| Purchase of furniture and equipment, software | | (2,924) | - |
| Hearing investment fund | | (5,120) | (250,999) |
| | | (8,044) | (250,999) |
| Increase (decrease) in cash and cash equivalents during the year | | 369,696 | (16,213) |
| Cash and cash equivalents, beginning of year | | 703,198 | 719,411 |
| Cash and cash equivalents, end of year | | \$ 1,072,894 | \$ 703,198 |

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

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. As of April 2019 Midwives in Alberta became Health Professionals regulated under the Health Professions Act and the Midwives Profession Regulation. 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.

Since March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on operations through the restrictions put in place by the Canadian governments regarding travel, operations and isolation/quarantine orders.

1. Accounting framework, significant accounting policies, judgments and estimation uncertainty:

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.

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).

a. Financial instruments presentation and disclosure

i. Fair values not materially different from book values

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, Hearing 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.

b. 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.

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.

c. 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.

d. Income taxes

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

e. 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.

f. 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.

g. Use of estimates

i. Actual results could differ

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

2. Investment hearing

| Interest rate | Maturity | 2022 | 2021 |
|------------------|----------------|----------------|----------------|
| 0.65% | March 10, 2022 | \$ - | \$100,000 |
| 0.85% | March 10, 2023 | 100,000 | 100,000 |
| 0.75% | March 13, 2023 | 100,000 | - |
| 0.50% | March 26, 2024 | 100,000 | 100,000 |
| 0.50% | March 26, 2025 | 100,000 | 100,000 |
| 0.50% | March 26, 2026 | 100,000 | 100,000 |
| Accrued interest | | 6,119 | 999 |
| Total | | 506,119 | 500,999 |

3. Furniture, equipment and Software

| | 2022 | 2021 |
|--------------------------|-------------|-------------|
| Furniture and equipment | \$ 25,263 | \$ 25,063 |
| Accumulated amortization | (21,764) | (19,461) |
| | 3,499 | 5,602 |
| Software | \$116,732 | \$ 114,008 |
| Accumulated amortization | (19,077) | (18,850) |
| | \$ 97,655 | 95,158 |
| Software grant | (95,158) | (95,158) |
| | \$2,497 | - |

4. Deferred revenue

As at December 31, 2022 and 2021 the College has received the following amounts which relate to subsequent periods:

| | 2022 | 2021 |
|-----------------|------------------|------------------|
| Membership fees | \$460,251 | \$373,495 |
| Hearings | 60,432 | 80,728 |
| | \$520,683 | \$453,773 |

Until November 2020, the College had held \$174,000 for new hearings. During 2019, the College anticipated an increase in future hearings and assessed a membership levy for hearings costs of \$1,500 per member which increased deferred hearings fund by \$99,000 from \$75,000 to \$174,000.

During 2022 the College recognized \$20,296 (2021- \$30,901) in hearing revenues that were applied against deferred hearing and consistent with hearings costs incurred during the year of 2022 \$36,053 (2021-\$80,524).

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, 2022 and 2021, there were no significant differences between the carrying amounts reported on the statement of financial position and their estimated fair values. As at December 31, 2022 the College had government remittances of \$5,515 which were paid in January and February 2023.

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

College of Midwives of Alberta
Notes to the Financial Statements
For the year ended December 31, 2022

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 \$16,035.

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

| | 2022 | 2021 |
|---------------------------|------------------|------------------|
| Bank Service Charges | \$ 457 | \$ 477 |
| Computer | 228 | 407 |
| Dues and subscriptions | - | 1,150 |
| Meals and entertainment | 193 | 169 |
| Office supplies | 2,945 | 2,441 |
| Postage and delivery | 131 | 564 |
| Printing and reproduction | 553 | 951 |
| Consulting | 10,903 | 19,854 |
| Telephone | 5,371 | 3,678 |
| Audit and accounting fees | 9,975 | 9,975 |
| Bad debt expense | 964 | 10,631 |
| Software | 40,740 | 15,041 |
| Office relocation | 1,482 | - |
| Busines tax | - | 379 |
| | \$ 73,942 | \$ 65,717 |

8. Changes in non-cash working capital

| | 2022 | 2021 |
|--|-------------------|-----------------|
| Accounts receivable | \$ - | \$ 47 |
| Prepaid expense and deposits | (445) | - |
| Accounts payable and accrued liabilities | 51,767 | (8,534) |
| Deferred revenues | 66,911 | 17,170 |
| | \$ 118,233 | \$ 8,683 |

9. Commitments

The College has entered a service agreement with the developer of in1touch software which requires annual software use payments of \$16,500 until December 2024.

The College has an operating lease agreement for its office space ending January 31, 2027 requiring annual office lease payments of 7,659 until January 31, 2024, and \$8,325, from January 31, 2023 to January 31, 2027.