

Annual Report 2004 Summary

An annual report is typically devoted to looking back at accomplishments from the past year. For the last several years, however, annual reports from the College of Nurses of Ontario have looked towards the future, and this report continues this trend. In 2004, the College put into place the foundation for an exciting future for nursing regulation in Ontario. It was the year in which the regulatory changes needed to initiate a new standard for nursing education were implemented. The College also articulated its strategic directions for the next five years, which respond to the challenges of regulating nursing in the public interest.

Throughout the *2004 Annual Report*, you will find many examples of how we met our strategic objectives, encouraged the highest standards in nursing practice and responded to our ever-changing health care environment in ways that serve the public interest and promote confidence in the nursing profession.

Last year was one of particularly intense activity for the College's registration function with the transition to new entry-to-practice requirements for nurses in Ontario. The *2004 Annual Report* features an expanded registration section, which includes some of the following highlights:

- To smooth the transition to new entry-to-practice requirements, CNO submitted regulatory amendments which were approved by the Ontario government in late 2004. The effect of these amendments was to accommodate applicants who would be in the process of registering when the 2005 changes came into force and to enhance the labour mobility of nurses between Ontario and other Canadian jurisdictions.
- There were 11,147 exam writes of the Canadian Registered Nurse Examination (CRNE) in Ontario in 2004. This represents an increase of 57 percent in the number of exam writes over 2003, when the exam was written 7,080 times. Similarly, the Canadian Practical Nurse Registration Examination was written 2,117 times in 2004, an increase of 41 percent over 2003, when there were 1,497 exam writes.

- The College extended the examination recognition reciprocity agreement between the *l'Ordre des infirmiers et infirmières du Québec* and CNO to December 31, 2007. This agreement allows for the mutual recognition of the CRNE and Quebec's RN Professional Exam, and facilitates labour mobility between the two provinces.

The *2004 Annual Report* also includes year-end statistics on the College's three other mandated public protection functions — practice, quality assurance, and investigations and hearings — and details on our policy, communications and information management work. Highlights include the following:

- In 2004, the College released the following practice-related documents: *Infection Prevention and Control* practice standard; *Confidentiality and Privacy—Personal Health Information* practice standard; and *Refusing Assignments and Discontinuing Nursing Services* practice guideline. The new standards were integrated into sessions offered by the Regional Education Network (REN). Copies were provided to members through *The Standard* and to employers through *Quality Practice*. All documents were also put on the College's Web site.
- Four hundred direct care nurses in the General Class were randomly selected to participate in Practice Review and 98 percent successfully completed the process. This high success rate reinforces the College's assumption that nurses understand and apply professional standards in their practice, which contributes to and reinforces public confidence in nursing self-regulation.
- In 2004, the College's Complaints Committee completed 457 matters. The majority of complaints received by the College involved members working in direct care (93 percent). The percentages of complaints from hospital and long-term care settings are consistent with the College's membership distribution. Complaints from mental health care settings continued a decreasing trend in 2004, while complaints from the remaining settings remained relatively constant over the past five years.

- The College maintained its position that nurses have a professional duty to maintain confidentiality in response to a bill that would require public hospitals to report to police the name of gunshot victims receiving treatment. The College responded that nurses' professional competence makes them qualified to determine when it is in the public interest to report gunshot wounds and raised concerns about the bill's potential to undermine the confidentiality and trust inherent in nurse-client relationships.
- Planning and filming of an educational DVD for students was completed. The DVD, entitled *The College of Nurses of Ontario and You: A Student's Guide to Self-regulation*, is part of the College's outreach program with Ontario nursing students. The DVD complements information about nurses' regulatory responsibilities already included in nursing programs, and helps students make an informed and positive transition into the profession.
- Throughout 2004, Council and staff shaped the College's strategic plan for the next five years. CNO is committed to *building confidence in nursing self-regulation: nurse engagement — employer commitment — public confidence and advancing the use of CNO knowledge: user relevance — stakeholder trust — decision support*. The College will report on its progress and achievements in relation to the strategic plan in its future annual reports and in *The Standard*.

These achievements, and the others that you can read about in the *2004 Annual Report*, set our profession and the College on a strong course for the future. You can read the full report on www.cno.org or order a copy by contacting the College at 416 928-0900, or toll-free in Ontario at 1 800 387-5526.

We look forward to continuing to build the future of nursing self-regulation with you!


Sandra Ireland, RN, BScN, MSc
President


Anne L. Coghlan, RN, MScN
Executive Director

Auditors' Report

To the Council of the
College of Nurses of Ontario

We have audited the statement of financial position of the **College of Nurses of Ontario** as at December 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

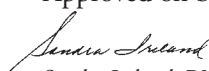
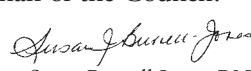
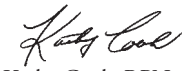
Toronto, Ontario
May 2, 2005

Hilborn Ellis Grant LLP
Chartered Accountants

Statement of Financial Position

December 31, 2004	2004 \$	2003 \$
ASSETS		
Current Assets		
Cash	27,371,670	25,708,902
Sundry receivables	204,541	143,447
Prepaid expenses	276,205	488,866
	<u>27,852,416</u>	<u>26,341,215</u>
Accrued pension asset (note 3)	1,063,943	276,947
Capital assets (note 4)	9,855,352	9,573,317
	<u>38,771,711</u>	<u>36,191,479</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	3,389,672	3,710,511
Deferred membership fees	14,344,938	14,210,761
	<u>17,734,610</u>	<u>17,921,272</u>
NET ASSETS		
Net assets invested in capital assets	9,855,352	9,573,317
Unrestricted net assets	11,181,749	8,696,890
	<u>21,037,101</u>	<u>18,270,207</u>
	<u>38,771,711</u>	<u>36,191,479</u>

Approved on behalf of the Council:

 Sandra Ireland, RN, President
 Susan Burnell-Jones, RN, Vice-President
 Kathy Cook, RPN, Vice-President

Notes to Financial Statements

December 31, 2004

1. Description of Organization

The College of Nurses of Ontario (College) was incorporated as a non-share capital corporation and continued as such under the Nursing Act, 1991. As the regulatory body of the nursing profession in Ontario, the College's major function is to administer the Nursing Act, 1991 in the public interest.

2. Significant Accounting Policies

a) Capital assets

Capital assets are recorded at acquisition cost. Amortization is provided for on a straight-line basis, based on the estimated useful life of the assets, using annual rates of 2 1/2% for building, 6 2/3% for building improvements, 10% for office furniture and 20% for office equipment, computer hardware and software.

b) Revenue recognition

Membership fees are recognized in the period to which the membership relates. The membership year coincides with that of the fiscal year of the College, being January 1 to December 31.

c) Pension benefits

The actuarial determination of the accrued pension obligation uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

Actuarial gains (losses) arise from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued pension obligation. The excess of the net accumulated actuarial gain (loss) over 10 percent of the greater of the pension obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 14 years (2003 – 14 years).

Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

On January 1, 2000, the College adopted the new accounting standard on employee future benefits using the prospective application method. The College is amortizing the transitional asset on a straight-line basis over 18 years, which was the average remaining service period of employees expected to receive benefits under the benefit plan as of January 1, 2000.

d) Income taxes

As a not-for-profit professional membership corporation, the College is not liable for income taxes.

e) Financial instruments

The organization's financial instruments consist of cash, sundry receivables and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. It is management's opinion that the organization is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

f) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect

Statement of Operations

Year ended December 31, 2004	2004	2003
	\$	\$
Revenues	23,256,631	21,711,246
Expenses		
Practice and policy	2,903,147	2,919,321
Investigations and hearings	3,626,209	3,802,782
Council and committees	639,909	612,987
Executive	1,318,083	1,239,703
Knowledge management	4,006,837	3,529,948
Corporate services	7,995,552	6,628,277
	20,489,737	18,733,018
Excess of revenues over expenses for year	2,766,894	2,978,228

Statement of Changes in Net Assets

Year ended December 31, 2004	Invested in		2004	2003
	Capital Assets	Unrestricted		
	\$	\$	\$	\$
Balance, beginning of year	9,573,317	8,696,890	18,270,207	15,291,979
Excess of revenues over expenses (expenses over revenues) for year	(758,353)	3,525,247	2,766,894	2,978,228
Investment in capital assets	1,040,388	(1,040,388)	-	-
Balance, end of year	9,855,352	11,181,749	21,037,101	18,270,207

Statement of Cash Flows

Year ended December 31, 2004	2004	2003
	\$	\$
Cash flows from operating activities		
Excess of revenues over expenses for year	2,766,894	2,978,228
Items not requiring a current cash payment		
Amortization	758,353	788,096
Write-off of capital assets	-	6,198
	3,525,247	3,772,522
Changes in non-cash working capital		
Decrease (increase) in sundry receivables	(61,094)	57,524
Decrease (increase) in prepaid expenses	212,661	(138,955)
Decrease (increase) in accrued pension asset	(786,996)	49,339
Increase (decrease) in accounts payable and accrued liabilities	(320,839)	924,534
Increase in deferred membership fees	134,177	290,622
	2,703,156	4,955,586
Cash flows from investing activities		
Purchase of capital assets	(1,040,388)	(387,872)
Net increase in cash during year	1,662,768	4,567,714
Cash, beginning of year	25,708,902	21,141,188
Cash, end of year	27,371,670	25,708,902

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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. Accrued Pension Asset

a) Description of plan

The College maintains a registered pension plan for its employees, which comprises defined benefit and defined contribution components. The defined benefit component provides benefits based on years of service and a base pensionable earnings year of 2001. The College's policy is to fund the registered pension plan in the amount that is required by governing legislation and determined by the plan's actuary.

b) Total cash payments

Total cash payments for pension benefits for 2004, consisting of cash contributed by the College to its funded registered pension plan, were \$1,121,610 (2003 – \$290,709).

c) Defined benefit plan

The College measures its accrued pension obligation and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plan for funding and accounting purposes was as of December 31, 2003, and the next required valuation will be as of December 31, 2004.

Elements of defined benefit costs recognized in the year

	2004 \$	2003 \$
Current service cost, net of employee contributions	50,114	51,450
Interest cost	201,830	193,746
Actual return on plan assets – (gains) losses	(174,350)	(200,535)
Actuarial (gains) losses	781,718	826,198
Elements of defined benefit costs before adjustments to recognize the long-term nature of defined benefit costs	859,312	870,859
Adjustments to recognize the long-term nature of defined benefit costs:		
Difference between expected return and actual return on plan assets for year	(18,057)	5,966
Difference between actuarial (gains) losses recognized for year and actual actuarial (gains) losses on accrued pension obligation for year	(747,252)	(787,600)
Difference between amortization of past service costs for year and actual plan amendments for year	933	933
Amortization of the transitional asset	(8,425)	(8,425)
	(772,801)	(789,126)
Defined benefit costs recognized	86,511	81,733

Reconciliation of funded status of plan to the amount recorded in the statement of financial position

	2004 \$	2003 \$
Plan assets at fair value	3,327,612	2,593,118
Accrued pension obligation	3,427,695	2,991,972
Funded status of plan - deficit	(100,083)	(398,854)
Unamortized transitional asset	(109,532)	(117,957)
Unamortized past service costs	11,191	12,124
Unamortized net actuarial loss	1,262,367	781,634
Accrued pension asset in statement of financial position	1,063,943	276,947

Accrued pension obligation

	2004 \$	2003 \$
Balance, beginning of year	2,991,972	2,858,234
Current service cost	77,996	84,173
Interest cost	201,830	193,746
Actuarial loss (gain)	494,965	-
Benefits paid	(339,068)	(144,181)
Balance, end of year	3,427,695	2,991,972

Plan assets

	2004 \$	2003 \$
Fair value, beginning of year	2,593,118	2,471,647
Actual return on plan assets – gains (losses)	174,350	200,535
Employer contributions	871,330	32,394
Employees' contributions	27,882	32,723
Benefits paid	(339,068)	(144,181)
Fair value, end of year	3,327,612	2,593,118

	2004 %	2003 %
Plan assets consist of:		
Equity securities	53	50
Debt securities	47	50
	100	100

Actuarial assumptions

The significant actuarial assumptions used in measuring the accrued pension obligation and the defined benefit costs are as follows (weighted-average):

	2004 %	2003 %
Accrued pension obligation as of December 31:		
Discount rate	5.50	6.75
Rate of compensation increase	3.00	4.00
Defined benefit costs for years ended December 31:		
Discount rate	5.50	6.75
Expected long-term rate of return on plan assets	7.00	8.00
Rate of compensation increase	3.00	4.00

d) Defined contribution plan

	2004 \$	2003 \$
Defined contribution costs recognized, net of forfeitures	250,280	258,315

4. Capital Assets

	Accumulated Cost	Amortization	2004 Net \$	2003 Net \$
Land	3,225,009	-	3,225,009	3,225,009
Building	6,502,404	3,131,978	3,370,426	3,532,985
Building improvements	1,820,263	388,316	1,431,947	1,365,281
Computer hardware and software	2,915,160	1,787,789	1,127,371	692,102
Office furniture and equipment	2,560,103	1,859,504	700,599	757,940
	17,022,939	7,167,587	9,855,352	9,573,317

During the year, amortization in the amount of \$758,353 was provided for in respect of capital assets (2003 – \$788,096).