

Agenda Item 4.1

**College of Nurses of Ontario
2025 Draft Operating & Capital Budget**

Section 1 – Introduction

The Operating and Capital budget identifies the resources needed and the expected costs to:

- meet CNO's regulatory mandate;
- progress on the goals set in Strategic Plan 2021-2026;
- invest in operational enhancements; and
- retain and attract resources needed to achieve these results.

Management has estimated the resources (staffing, supplies, and equipment) needed to achieve the planned outcomes for operational and project activities.

2024 Results and Events Impacting on 2025

The following financial result and developments in 2024 are expected to have an impact on the 2025 budget and future years.

Financial Results

A number of financial results in 2024 will impact the financial position at the beginning of 2025, the budget required for 2025, and the results expected for the end of 2025.

The 2024 forecasted operating surplus of \$3.684M is \$3.255M higher than the budgeted surplus of \$0.428M, primarily due to higher than anticipated revenue and lower operating expenditures.

- Revenues are forecasted to be \$86.114M which is \$1.611M (1.9%) higher than budgeted, mostly due to higher registration and examination revenue, as well as higher interest income due to the current high interest rate environment.
- Forecasted base operating expenses of \$78.173M are \$1.902M (2.4%) below budget, primarily due to delays in filling both planned and unplanned vacancies.
- Forecasted project operating expenses of \$4.257M are \$0.257M (6.4%) higher than budgeted. A number of projects have been primary drivers of these increased costs, as well as higher costs stemming from inflation and market fluctuations, particularly affecting labour and material costs.

At year-end 2024, the accumulated operating surplus (unrestricted net assets) is forecast to be \$39.079M or 5.69 months of the 2024 expense forecast. This year-end accumulated surplus is within the range of three to six months of operating expenses, due primarily to the much lower than expected operating deficit.

Strategic Plan

- A fully operational Project Management Office (PMO) was established that streamlines project delivery through standardized stage-gate processes, real-time dashboard reporting, which also includes projects linked to the Strategic Plan.
- CNO has modernized and enhanced its Quality Assurance (QA) program. This work has been guided by key objectives, including promoting better use and understanding of the standards by nurses in Ontario, integrating a right-touch and supportive approach within the program, addressing areas of risk in practice, leveraging more user-friendly technology, implementing a continuous improvement approach, and broadening program reach.
- CNO's Applicant Experience Survey, launched in June 2024, which collected information from nursing applicants about their experience registering with CNO. The data gathered from the survey provides the basis for the first outcome measure of the Strategic Plan. Qualitative data will inform continuous program improvement and quantitative results will

be used to measure the impact of ongoing efforts to modernize the applicant assessment for Internationally Educated Nurses (IENs).

- Council's Code of Conduct was updated based on both internal and external consultations. This work included establishing a goal-oriented framework, clearly highlighting certain elements that are particularly important for the Council of a statutory regulator.
- Standards modernization work continued in 2024, with the approval and launch of the new *Discontinuing and Declining to Provide Care* standard, as well as the dissemination and implementation of the new *RN Prescribing* standard.
- In 2024 CNO completed its Program Approval Evaluation project and implementation of the recommendations is currently in progress. To date, four RN prescribing programs have already been implemented, with new business processes and systems operationalized to verify RN prescribing education and to update Find a Nurse (FAN).

Governance & Business Effectiveness

- A new organizational design was implemented in 2024. This new design supports continued growth and leadership, clarifies functional purposes and promotes collaboration while leveraging diversity of expertise to fulfill our operational and regulatory requirements.
- CNO's Project Management Office (PMO) function supported the development of enterprise-wide 2025 operational priority statements that would support the prioritization of projects and operational initiatives across the organization.
- CNO created its first enterprise Diversity, Equity, and Inclusion (DEI) strategy focused on key constituency through broad consultation and engagement. It supports our public protection purpose by addressing bias and discrimination in regulatory processes and helping advance equity in the broader health care system. The strategy was built on a foundation of broad consultations with both internal and external partners.
- CNO launched its first voluntary Workforce Census survey to understand the composition and experiences of the nurses in the province. Data collected from the survey enabled CNO to release its first report on *Demographics and Nursing Practice*, which summarizes the identity, practice and employment characteristics of nurses in Ontario. The census was one of the inputs that informed CNO's first DEI strategy.
- A comprehensive Nursing Statistics Report was released, summarizing key highlights, data and trends from the past year. It consolidates data that was previously shared across three different reports. This report was created to emphasize the most significant trends and allow for the identification of patterns across all areas of CNO's data.
- CNO continues to provide leadership to the implementation of Nursys in Canada. In 2024, the project achieved the milestone of connecting the Nursys system in Canada to Nursys in the US. This allows for the application of a unique identifier to nurses registered in multiple jurisdictions in the US and Canada, as well as the ability to search for an individual in both countries.
- Process improvements in Customer Service have continued to produce significant reductions in call wait times and email response times, which have resulted in a reduction of the overall volume of calls and emails as there are fewer abandoned calls and follow-up emails. The team also supports registrants and system partners by ensuring requests for Verification of Registration (VoRs) are sent to other regulators. As of September 30, 2024, the team has completed 7,608 VoRs, with an overall average processing time of 1.92 days.
- As of the end of September 2024, CNO's Registration function completed over 16,000 registration applications. The Registration function also supported the implementation of the Emergency Class including the online application process, and process documents and training for Registration.

- In 2024, CNO acquired a new enterprise risk management (ERM) software platform called *Resolver*; to date, the system has supported the launch of a new ERM process across all functions and includes risk assessment and reporting capabilities.
- Process improvements and enhanced oversight data in the Professional Conduct (PC) team resulted in reduction of the accumulated cases and average case timelines. When compared to 2023, 2024 saw a reduction in average case timelines of 22%, continuing a multi-year trend of reduced case timelines.
- CNO successfully deployed a new cno.org website, replacing the previous version which was non-compliant with the Accessibility for Ontarians with Disabilities Act (AODA) requirements. This deployment is part of a multi-phase web strategy, with future activities including updating the content infrastructure, developing content and adding functionality.

2025 Objectives

Strategic Plan

- Efforts to develop a new strategic plan using a robust engagement approach will begin in 2025. This will involve consultations with CNO's leadership team and Council.
- The new QA Technology Platform will streamline quality assurance processes through an integrated Learning Management System. This platform will support both practicing nurses and new registrants completing their Jurisprudence exam, while enabling the delivery and quality of the QA program with data-driven insights for continuous improvement.
- Nursing Education Regulation will establish a modernized education model to ensure protection of the public through new, fair, evidence informed, inclusive and effective options to meet the education requirement. The education regulation change is set to come into effect on April 1, 2025. As part of this regulation change, CNO will be tracking revised requirements (Transition to Practice) and the process by which applicants register their nursing education may change. Additionally, CNO will be evaluating a new, multi-service provider model for document validation, requiring us to assess integration with more education credential service providers. An evaluation of the regulation changes related to nursing education is also planned for 2025.
- CNO is planning to sign a services agreement with NCSBN to act as their service provider for Nursys in Canada. In addition, CNO is planning to support the onboarding of an estimated 16 regulators into Nursys.
- Design and implement an Enterprise Lakehouse (including organizational insights adoption) on a new cloud-based, open data management platform to enable scalable, flexible, and cost-effective solutions for business intelligence (BI) and machine learning across all CNO data. This initiative will drive advanced analytics and insights to empower data-driven decision-making across teams, enhancing organizational intelligence and adoption of data-informed practices.

Governance & Business Effectiveness

- Due to operational constraints with CNO's current Human Resource Information System (HRIS), CNO initiated a Request for Proposal (RFP) process to acquire and implement a new HR platform. This upgrade will ensure better alignment with CNO's operational requirements and future organizational needs.
- A succession planning model is required to enable CNO to proactively identify and plan to fill critical roles. The model will also support employee development.
- CNO will review and redesign the Find a Nurse (FAN) registry to improve how *Inquiries, Complaints and Reports Committee* (ICRC) outcomes and decisions are displayed. This

redesign aims to make information more transparent and accessible for both the public and healthcare employers.

- CNO's Customer Service and Registration functions are aiming to streamline processes to help create an enhanced perception of CNO as a trusted system partner among applicants, registrants and the public.
- Implementation of CNO's 3-year DEI workplan that will include projects that deliver on our goals of greater inclusion, partnerships with external partners, and leading in DEI as a health professional regulator.
- CNO has started work around Artificial Intelligence (AI) and is in the process of finalizing a summary of findings, which will include a clear definition of AI as it relates to both CNO's use of AI in business operations as well as among the nursing profession. By the end of 2024, AI risks will have been identified, as well as mitigation strategies. In 2025, work will focus on developing guidelines, creating engagement and change management strategies around AI technology adoption across CNO, and establishing a CNO AI 'Centre of Excellence'
- As part of the PMO plan to support project management and reporting across CNO, the function will begin research and planning for the procurement and implementation of an enterprise Project Management/Operational Planning Tool.
- CNO will develop and implement a call and email classification schema to enable CNO to gain valuable business intelligence from all incoming communication channels.
- CNO will procure and implement a case management solution that will either be a standalone solution or will integrate with existing CNO applications.

2025 Budget Summary

The 2025 budget estimates a \$4.870M (5.8%) increase in revenue and a \$4.629M (5.5%) increase in expenses over the 2024 budget. The net impact is an annual operating surplus of \$0.669M (see Schedule 2).

Revenues:

The increase in revenue is mostly driven by changes in registration, application and examination revenues.

- Application and registration revenues are expected to increase by \$5.290M, with \$2.204M due to growth in volume and \$3.086M due to fee increases.
- Examination revenue are expected to increase by \$0.204M.
- Interest revenue is expected to decrease by \$0.583M due to declining interest rates.

Expenses – Base Operations:

Base operating expenses have increased by 4.5% over the 2024 budget to \$83.704M. The following are the main contributing factors for the increase:

- increased volume and complexity of work and to support organizational priorities in registration, professional conduct, strategy, research and analytics, as well as DEI and technology;
- compensation changes, reflecting CNO compensation principles as approved by Council, the need to attract and retain skilled staff, and external factors in the employment market; and
- increases in operational costs such as legal services fees, and credit card fees as a result of fee and volume increase, as well as employee related expenses.

Base capital costs cover replacement of IT and building operations assets such as personal computers and building mechanical system replacement as they reach end of life. The budget contains base capital costs of \$0.761M as noted in Schedule 6.

Expenses – 2025 Projects

As part of implementing the agility pillar of the Strategic Plan, CNO has established and resourced a fully operational Project Management Office (PMO) that streamlines project delivery through standardized stage-gate processes, real-time dashboard reporting, and proactive risk management across the portfolio. CNO has developed and implemented an operational planning framework that enhances cross-functional collaboration, aligns team core functions, and provides clear guidance for 2025 projects and operational initiatives.

While some projects are well-defined and will continue into 2025, other projects are in the concept/issue definition stage and thus, accurate estimates of expenditures are not yet available.

A draft project budget envelope of \$5.0M is proposed for 2025. These amounts represent a 25% increase over the 2024 budget and is reflective of projected 2024 actual project expenditures.

Ultimately, all projects are consistent with the direction established in the Strategic Plan and operational priorities and objectives. Some projects link directly to progressing on the roadmaps for the four Pillars and three Outcomes. Other projects are enablers and support the Strategic Plan through maintaining or enhancing organization capabilities or operations. The budget, as prepared, reflects planned project expenditures in the following areas:

- Strategic Plan – including resources for projects related to insights capability (e.g., Enterprise Lakehouse), registration modernization, agility and strategic plan monitoring and the procurement of the vendor and development of the next iteration of the strategic plan.
- Regulatory and operational enhancements – items such as quality assurance enhancements, Nursys Canada implementation, One Nurse-Practitioner, nursing education regulation, Find-a-nurse (FAN), nursing scope of practice and website re-design.
- Infrastructure investments – includes enhancements to CNO's main information system (CRM to Cloud), implementation of a new financial management system, learning management system, enterprise case management system and the replacement of the human resources information system.

Surpluses, Deficits and Accumulated Surplus Relationship

The forecast annual operating surplus for 2024 is \$3.684M which is \$3.256M higher than the budgeted surplus of \$0.428M.

The expected accumulated unrestricted net assets at the end of 2024 of \$39.079M is higher than the budget by \$1.854M. The increase in the net assets is made up of:

- the combined impact of asset additions and write-offs in 2024 (+\$0.043M);
- the higher surplus in 2024 (+\$3.256M); and
- the lower 2024 opening net assets (-\$1.445M).

The draft budget for 2025 estimates an annual operating surplus of \$0.669M. When the accumulated unrestricted net assets expected for the end of 2024 \$39.079M is combined with the annual operating surplus in 2025 \$0.669M and the impact of net capital assets in 2025 \$1.055M, the result is expected to be an accumulated operating surplus of \$40.804M at the end of 2025. This amount will represent 5.52 months of budgeted operating expenses, within the approved guideline of three to six months of the expense budget.

At the end of 2026, the projected unrestricted net assets remain in the guide range at 5.36 months operating coverage. The projection for the years 2027 and 2028 shows unrestricted net assets continue to be in the guideline range at 5.07 and 4.56 months of operating coverage, respectively.

Section 2 – Summary of Revenue and Expenses

Schedule 2, the Summary of Revenue and Expenses, identifies:

- total revenues \$89.373M,
- less total base expenses \$83.704M,
- less total project expenses \$5.000M, and
- **net operating surplus \$0.669M.**

Total revenues are budgeted to increase by \$4.870 M or 5.8% to \$89.373M.

The increase in revenue is primarily due to:

- an increase in registration revenue (+\$5.20M);
- an increase in application assessment revenue (+\$0.090M);
- an increase in exam and other revenue (+\$0.205M); and
- partially offset by a decrease in interest, verification and transcripts revenue (-\$0.625M).

Total operating expenses are budgeted to increase by \$4.629M (5.5%), to \$88.704M.

This is made up of base operating increase of \$3.629M (4.5%) and an increase in project operating expenses of \$1.000M (25.0%).

The major contributors to the base operating cost increase are:

- salaries and benefits costs resulting from the addition of permanent and temporary FTEs, inflation and market adjustment and progression (+\$3.429M);
- legal services (+\$0.649M);
- higher costs for employee related expenses (+0.322M);
- exam fees (+0.042M);
- higher taxes, utilities and depreciation (+0.038M);
- higher costs for contractors & consultants (+\$0.017M); and
- partially offset by a decrease in equipment, operating supplies and other services (-\$0.816M) and non-staff remuneration and expenses (-\$0.054M).

Schedule 2

College of Nurses of Ontario
 Summary of Revenue and Expenses (\$000)
 Draft Operating and Capital Budget for the Year 2025

| | 2022 Actual | 2023 Actual | 2024 Approved Budget | 2024 Forecast | 2025 Draft Budget | 2025 Budget Over / (Under) 2024 Budget | | 2026 Proj'n | 2027 Proj'n | 2028 Proj'n |
|---|---------------|----------------|----------------------|---------------|-------------------|--|--------------|---------------|----------------|----------------|
| REVENUES | | | | | | | | | | |
| Registration fees | 53,559 | 56,468 | 72,425 | 73,198 | 77,625 | 5,200 | 7.2% | 82,174 | 83,945 | 85,725 |
| Application assessment | 5,427 | 6,589 | 8,148 | 7,886 | 8,238 | 90 | 1.1% | 8,635 | 8,696 | 8,758 |
| Verification and transcripts | 164 | 173 | 156 | 111 | 114 | (42) | (26.8)% | 119 | 124 | 128 |
| Interest income | 1,166 | 2,800 | 2,740 | 3,735 | 2,157 | (583) | (21.3)% | 1,936 | 1,914 | 1,745 |
| Examination | 647 | 836 | 828 | 1,004 | 1,032 | 204 | 24.6% | 1,074 | 1,116 | 1,155 |
| Other | 263 | 257 | 206 | 181 | 207 | 1 | 0.4% | 215 | 219 | 222 |
| Total Revenue | 61,226 | 67,123 | 84,503 | 86,114 | 89,373 | 4,870 | 5.8% | 94,153 | 96,014 | 97,733 |
| EXPENSES | | | | | | | | | | |
| Employee Salaries and Benefits | 39,543 | 49,013 | 58,571 | 56,740 | 62,000 | 3,429 | 5.9% | 66,584 | 69,395 | 72,314 |
| Employee Related Expenses | 629 | 1,233 | 1,784 | 1,663 | 2,106 | 322 | 18.1% | 1,872 | 1,928 | 1,986 |
| Non-staff remuneration and expenses | 550 | 594 | 940 | 819 | 886 | (54) | (5.7)% | 858 | 884 | 910 |
| Contractors and consultants | 4,491 | 4,748 | 4,421 | 4,893 | 4,438 | 17 | 0.4% | 4,451 | 4,584 | 4,722 |
| Legal services | 2,138 | 3,329 | 3,401 | 3,754 | 4,050 | 649 | 19.1% | 4,264 | 4,392 | 4,524 |
| Equipment, operating supplies and other services | 5,019 | 6,160 | 8,859 | 8,181 | 8,044 | (816) | (9.2)% | 8,282 | 8,530 | 8,786 |
| Exam fees | 216 | 232 | 104 | 139 | 147 | 42 | 40.4% | 150 | 155 | 159 |
| Taxes, utilities and depreciation | 1,903 | 1,971 | 1,996 | 1,984 | 2,033 | 38 | 1.9% | 2,244 | 2,471 | 2,702 |
| Total Base Operating Expenses | 54,491 | 67,280 | 80,075 | 78,173 | 83,704 | 3,629 | 4.5% | 88,705 | 92,339 | 96,104 |
| Project expenses | 3,121 | 3,605 | 4,000 | 4,257 | 5,000 | 1,000 | 25.0% | 5,000 | 5,000 | 5,000 |
| Total Expenses | 57,612 | 70,885 | 84,075 | 82,430 | 88,704 | 4,629 | 5.5% | 93,705 | 97,339 | 101,104 |
| Surplus/(Deficit) of Revenue over Expenses | 3,614 | (3,762) | 428 | 3,684 | 669 | 241 | 56.3% | 449 | (1,325) | (3,371) |
| Opening Unrestricted Net Assets | 35,297 | 37,631 | 36,133 | 34,688 | 39,079 | | | 40,804 | 41,817 | 41,150 |
| Net Capital Assets | (1,280) | 819 | 663 | 707 | 1,055 | | | 564 | 658 | 632 |
| Defined benefit costs - remeasurements and othe | - | - | - | - | - | | | - | - | - |
| Closing Unrestricted Net Assets | 37,631 | 34,688 | 37,225 | 39,079 | 40,804 | | | 41,817 | 41,150 | 38,412 |
| Accumulated Surplus (# of months) | 7.84 | 5.87 | 5.31 | 5.69 | 5.52 | | | 5.36 | 5.07 | 4.56 |

Section 3 – Registration Numbers and Revenue Summary

Schedules 3a to 3d show registration revenue analysis for the period from 2023 (2018 for 3d) through 2028. Registration projections are based on models that take into account statistical analysis, environmental factors, and other inputs to arrive at a comprehensive projection for each registration revenue source.

All of the information is broken down by Registered Nurse (RN) and Registered Practical Nurse (RPN) categories.

- 3a Registration Numbers – estimate of annual registrants in all registration classes;
- 3b Registration Revenue Transaction Count – forecast of the number of registration transactions of different types;
- 3c Registration Revenue and Fees – the fees and expected revenue based on the number of fee transactions shown in Schedule 3b; and
- 3d Registration Statistics (graph) – tracking registration counts over time

The 2025 budget for registration revenue identifies an increase of 7.2% over the 2024 budget. This is primarily the result of the fee increase, as well as a net increase of 2.5% in registration numbers.

Schedules 3a and 3b provide a breakdown of the number of nurses and transactions (respectively) by fee type within each registration category. This breakdown allows CNO to track exact sources of revenue and reconcile the total revenue by its components (e.g., the number of payments multiplied by the fee will result in the total revenue from that fee source).

Schedule 3c identifies the registration revenue. This schedule is also separated by registration category and fee type. The fees by-law identifies the following fees (excl. HST) for 2025:

- | | | |
|--|-------|------------------------------|
| • Initial Registration | \$420 | (includes annual fee) |
| • Annual Registration Renewal | \$354 | |
| • General/Extended Class Late Fee | \$484 | (includes annual fee) |
| • Non-practising Class Renewal/Initial | \$66 | |
| • Non-practising Class Late Fee | \$100 | |
| • Reinstatement | \$424 | (includes annual fee) |
| • Reinstatement Penalty | \$650 | (per year worked/used title) |

The revenue in Schedule 3c does not include application fees. Application fees are in the “Application Assessment” revenue line in Schedule 2.

Schedule 3a

College of Nurses of Ontario

Registration Numbers

Draft Operating and Capital Budget for the Year 2025

| Fee Type | 2023 | 2024 | | 2025 Draft Budget | 2026 Proj'n | 2027 Proj'n | 2028 Proj'n |
|--|----------------|-----------------|----------------|-------------------|----------------|----------------|----------------|
| | Actual | Approved Budget | 2024 Forecast | | | | |
| RN Renewals On time | 114,269 | 122,547 | 120,072 | 124,500 | 129,000 | 133,500 | 138,000 |
| RN Renewals Non-Practising On time | 9,495 | 10,522 | 10,272 | 10,600 | 11,392 | 12,093 | 12,800 |
| RN Renewals Non-Practising Late | 2,022 | 1,500 | 2,140 | 2,000 | 2,029 | 2,154 | 2,279 |
| RN Renewals Late | 5,452 | 4,000 | 5,407 | 5,500 | 5,038 | 5,213 | 5,395 |
| | 131,238 | 138,569 | 137,891 | 142,600 | 147,459 | 152,960 | 158,474 |
| RN Reinstatements | 484 | 462 | 496 | 500 | 500 | 500 | 500 |
| NP Initials - Extended Class | 507 | 488 | 549 | 609 | 623 | 623 | 623 |
| RN Initials - General Class | 10,965 | 8,660 | 11,963 | 11,500 | 11,500 | 11,500 | 11,500 |
| RN Initials - Temporary Class | 1,381 | 1,389 | 1,058 | 1,050 | 1,075 | 1,075 | 1,075 |
| Total RN Registrations | 144,575 | 149,568 | 151,957 | 156,259 | 161,157 | 166,658 | 172,172 |
| RPN Renewals - On time | 55,514 | 57,571 | 55,621 | 55,963 | 55,718 | 55,589 | 55,479 |
| RPN Renewals Non-Practising On time | 3,172 | 3,601 | 3,214 | 3,648 | 3,803 | 3,931 | 4,035 |
| RPN Renewals Non-Practising Late | 906 | 672 | 886 | 672 | 701 | 724 | 744 |
| RPN Renewals Late | 3,952 | 3,000 | 3,899 | 3,537 | 3,499 | 3,491 | 3,484 |
| | 63,544 | 64,844 | 63,620 | 63,820 | 63,721 | 63,735 | 63,742 |
| RPN Reinstatements | 419 | 398 | 398 | 407 | 436 | 447 | 455 |
| RPN Initials - General Class | 4,902 | 4,592 | 4,633 | 4,627 | 4,720 | 4,720 | 4,720 |
| RPN Initials - Temporary Class | 1,224 | 1,128 | 1,000 | 1,000 | 1,025 | 1,025 | 1,025 |
| Total RPN Registrations | 70,089 | 70,962 | 69,651 | 69,854 | 69,902 | 69,927 | 69,942 |
| Total Registrations | 214,664 | 220,530 | 221,608 | 226,113 | 231,059 | 236,585 | 242,114 |
| 2025 Budget Over/(Under) 2024 (%) | | | | 2.5% | | | |

Schedule 3b

College of Nurses of Ontario

Registration Revenue Transaction Count

Draft Operating and Capital Budget for the Year 2025

| Fee Type | 2023 | 2024 | | 2025 Draft Budget | 2026 | 2027 | 2028 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Actual | Approved Budget | 2024 Forecast | | Proj'n | Proj'n | Proj'n |
| RN Renewals On time | 114,269 | 122,547 | 120,072 | 124,500 | 129,000 | 133,500 | 138,000 |
| RN Renewals Non-Practising On time | 9,524 | 10,522 | 10,302 | 10,600 | 11,422 | 12,123 | 12,830 |
| RN Renewals Non-Practising Late | 2,022 | 1,500 | 2,140 | 2,000 | 2,029 | 2,154 | 2,279 |
| RN Renewals Late | 5,452 | 4,000 | 5,407 | 5,500 | 5,038 | 5,213 | 5,395 |
| | <u>131,267</u> | <u>138,569</u> | <u>137,921</u> | <u>142,600</u> | <u>147,489</u> | <u>152,990</u> | <u>158,504</u> |
| RN Reinstatements | 214 | 201 | 218 | 227 | 239 | 251 | 263 |
| RN Reinstatements from NonPrac to Gen/Ext | 263 | 254 | 273 | 268 | 256 | 244 | 232 |
| RN Lifting Administrative Suspension | 390 | 387 | 428 | 496 | 522 | 549 | 575 |
| RN Reinstatement Additional Fee | 7 | 7 | 5 | 5 | 5 | 5 | 5 |
| NP Initials - Extended Class | 507 | 488 | 549 | 609 | 623 | 623 | 623 |
| NP Specialty Registration | 470 | 442 | 472 | 532 | 545 | 545 | 545 |
| RN Initials - General | 10,936 | 8,660 | 11,933 | 11,500 | 11,470 | 11,470 | 11,470 |
| RN Initials -Temporary | 1,381 | 1,389 | 1,058 | 1,050 | 1,075 | 1,075 | 1,075 |
| RN Temporary to General | 812 | 890 | 722 | 792 | 811 | 811 | 811 |
| Total RN Registration Transactions | <u>146,247</u> | <u>151,287</u> | <u>153,579</u> | <u>158,079</u> | <u>163,035</u> | <u>168,563</u> | <u>174,103</u> |
| RPN Renewals - On time | 55,514 | 57,571 | 55,621 | 55,963 | 55,718 | 55,589 | 55,479 |
| RPN Renewals Non-Practising On time | 3,172 | 3,601 | 3,214 | 3,648 | 3,803 | 3,931 | 4,035 |
| RPN Renewals Non-Practising Late | 906 | 672 | 886 | 672 | 701 | 724 | 744 |
| RPN Renewals Late | 3,952 | 3,000 | 3,899 | 3,537 | 3,499 | 3,491 | 3,484 |
| | <u>63,544</u> | <u>64,844</u> | <u>63,620</u> | <u>63,820</u> | <u>63,721</u> | <u>63,735</u> | <u>63,742</u> |
| RPN Reinstatements | 229 | 226 | 216 | 216 | 218 | 220 | 222 |
| RPN Reinstatements from NonPrac to GEN | 175 | 157 | 170 | 179 | 206 | 215 | 221 |
| RPN Lifting Administrative Suspension | 294 | 299 | 334 | 363 | 378 | 393 | 407 |
| RPN Reinstatement Additional Fee | 15 | 15 | 12 | 12 | 12 | 12 | 12 |
| RPN Initials - General | 4,902 | 4,592 | 4,633 | 4,627 | 4,720 | 4,720 | 4,720 |
| RPN Initials - Temporary | 1,224 | 1,128 | 1,000 | 1,000 | 1,025 | 1,025 | 1,025 |
| RPN Temporary to General | 567 | 556 | 428 | 428 | 439 | 439 | 439 |
| Total RPN Registration Transactions | <u>70,950</u> | <u>71,817</u> | <u>70,413</u> | <u>70,645</u> | <u>70,719</u> | <u>70,759</u> | <u>70,788</u> |
| Total Registration Transactions | <u>217,197</u> | <u>223,104</u> | <u>223,992</u> | <u>228,724</u> | <u>233,754</u> | <u>239,322</u> | <u>244,891</u> |
| 2025 Budget Over/(Under) 2024 (%) | | | | <u>2.5%</u> | | | |

Schedule 3c

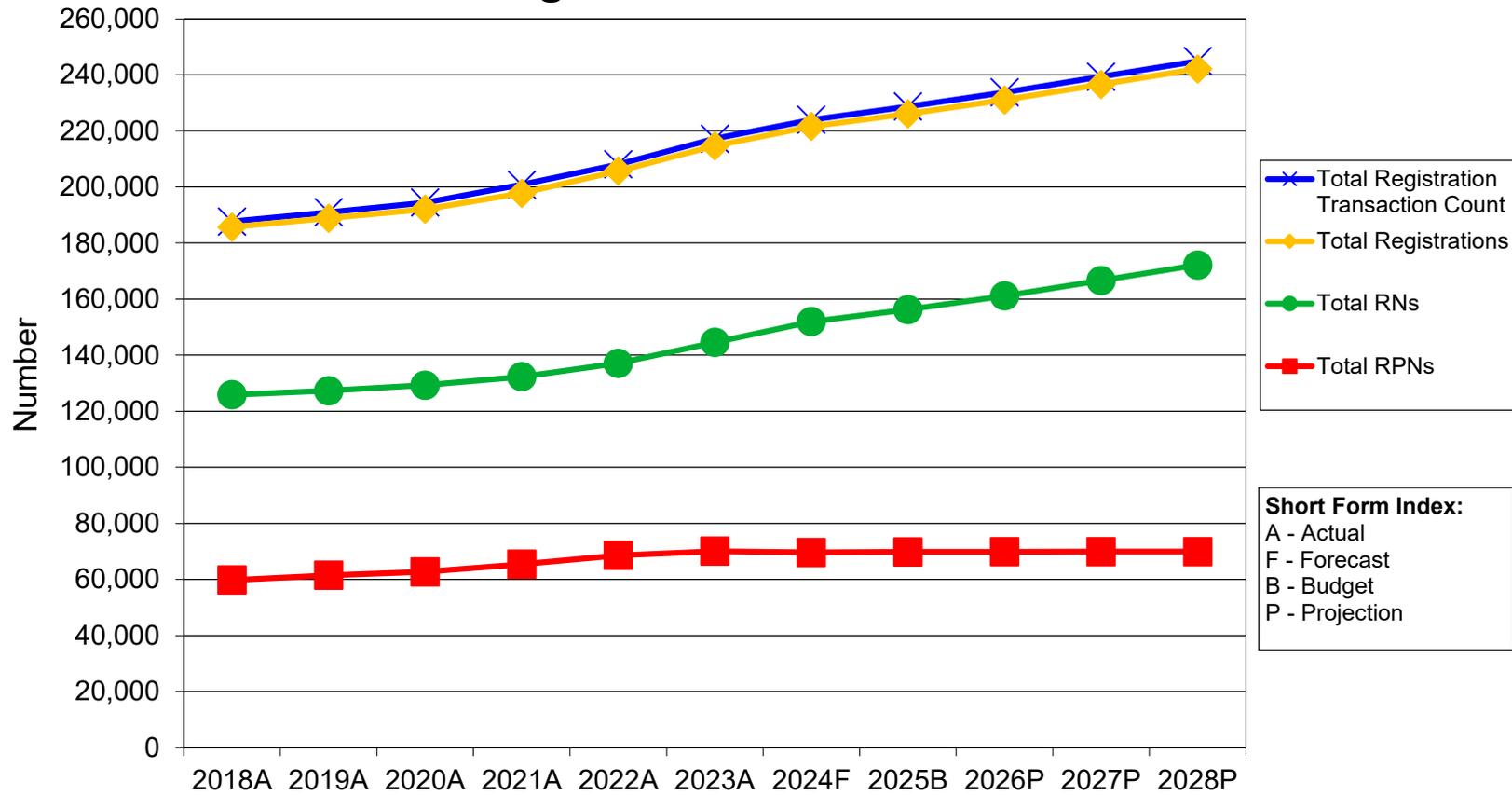
College of Nurses of Ontario

Registration Revenue (\$000) and Fees (\$)

Draft Operating and Capital Budget for the Year 2025

| Fee Type | 2023 | 2024 | | 2025 | | 2026 | 2026 | 2027 | 2027 | 2028 | 2028 |
|---|---------------|-----------------|---------------|-----------|---------------|------|---------------|------|---------------|------|---------------|
| | Actual | Approved Budget | 2024 Forecast | 2025 Fees | Draft Budget | Fees | Proj'n | Fees | Proj'n | Fees | Proj'n |
| RN Renewals On time | 30,853 | 41,666 | 40,824 | 354 | 44,073 | 368 | 47,472 | 368 | 49,128 | 368 | 50,784 |
| RN Renewals Non-Practising On time | 475 | 664 | 647 | 66 | 700 | 69 | 786 | 69 | 834 | 69 | 883 |
| RN Renewals Non-Practising Late | 152 | 143 | 203 | 100 | 200 | 105 | 213 | 105 | 226 | 105 | 239 |
| RN Renewals Late | 2,017 | 1,860 | 2,514 | 484 | 2,662 | 503 | 2,534 | 503 | 2,622 | 503 | 2,714 |
| | 33,496 | 44,333 | 44,189 | | 47,635 | | 51,005 | | 52,811 | | 54,620 |
| RN Reinstatements | 48 | 60 | 62 | 424 | 67 | 441 | 73 | 441 | 77 | 441 | 80 |
| RN Reinstatements from NonPrac to Gen/Ext | 71 | 86 | 93 | 354 | 95 | 368 | 94 | 368 | 90 | 368 | 85 |
| RN Lifting Administrative Suspension | 20 | 26 | 29 | 70 | 35 | 73 | 38 | 73 | 40 | 73 | 42 |
| RN Reinstatement Additional Fee | 4 | 5 | 3 | 650 | 3 | 676 | 3 | 676 | 3 | 676 | 3 |
| NP Initials - Extended Class | 37 | 43 | 56 | 66 | 62 | 69 | 66 | 69 | 66 | 69 | 66 |
| NP Specialty | 24 | 28 | 30 | 66 | 35 | 69 | 38 | 69 | 38 | 69 | 38 |
| RN Initials - General | 3,501 | 3,481 | 4,811 | 420 | 4,819 | 437 | 5,014 | 437 | 5,014 | 437 | 5,014 |
| RN Initials -Temporary | 442 | 560 | 426 | 420 | 441 | 437 | 470 | 437 | 470 | 437 | 470 |
| RN Temporary to General | 41 | 56 | 45 | 66 | 52 | 69 | 56 | 69 | 56 | 69 | 56 |
| Total RN Registration | 37,683 | 48,678 | 49,744 | | 53,245 | | 56,858 | | 58,665 | | 60,475 |
| RPN Renewals - On time | 14,989 | 19,574 | 18,911 | 354 | 19,811 | 368 | 20,504 | 368 | 20,457 | 368 | 20,416 |
| RPN Renewals Non-Practising On time | 157 | 225 | 201 | 66 | 239 | 69 | 261 | 69 | 270 | 69 | 277 |
| RPN Renewals Non-Practising Late | 68 | 64 | 84 | 100 | 67 | 105 | 74 | 105 | 76 | 105 | 78 |
| RPN Renewals Late | 1,462 | 1,395 | 1,813 | 484 | 1,712 | 503 | 1,760 | 503 | 1,756 | 503 | 1,752 |
| | 16,676 | 21,258 | 21,010 | | 21,829 | | 22,599 | | 22,559 | | 22,524 |
| RPN Reinstatements | 49 | 63 | 58 | 424 | 61 | 441 | 63 | 441 | 64 | 441 | 64 |
| RPN Reinstatements from NonPrac to GEN | 47 | 53 | 58 | 354 | 63 | 368 | 76 | 368 | 79 | 368 | 81 |
| RPN Lifting Administrative Suspension | 15 | 20 | 22 | 70 | 25 | 73 | 28 | 73 | 29 | 73 | 30 |
| RPN Reinstatement Additional Fee | 8 | 10 | 8 | 650 | 8 | 676 | 8 | 676 | 8 | 676 | 8 |
| RPN Initials - General | 1,570 | 1,852 | 1,868 | 420 | 1,945 | 437 | 2,064 | 437 | 2,064 | 437 | 2,064 |
| RPN Initials - Temporary | 392 | 455 | 403 | 420 | 420 | 437 | 448 | 437 | 448 | 437 | 448 |
| RPN Temporary to General | 28 | 35 | 27 | 66 | 28 | 69 | 30 | 69 | 30 | 69 | 30 |
| Total RPN Registration | 18,785 | 23,747 | 23,454 | | 24,380 | | 25,316 | | 25,281 | | 25,250 |
| Total Registration Revenue | 56,468 | 72,425 | 73,198 | | 77,625 | | 82,174 | | 83,945 | | 85,725 |
| Budget Over/(Under) (%) | | | | | 7.2% | | | | | | |

Registration Statistics



Section 4 – Expense Category Analysis and Project Summary

The presentation of the 2025 budget is based on a CNO-wide operating budget that includes base operations and project activities. Some projects may also contain capital costs. All capital expenditures are listed in detail in Section 6.

Staff salaries and benefits have been budgeted using standard rates arrived at by averaging the actual salaries and benefits of all staff at each level. Utilizing standard rates facilitates explanation of variances arising from labour resources and removes the impact of events (e.g., actual negotiated salary) that are outside the control of an individual manager from that manager's reported results. Additionally, the use of standard rates prevents the disclosure of the actual salaries of individual employees while improving visibility of labour costs across the organization.

Schedule 4 provides an explanation by expense category of the changes in budgeted base operating costs for the entire organization. Actual base expenses for 2023, the budget and forecast for 2024, and the draft budget for the year 2025 have been included for comparison purposes.

Schedule 4

College of Nurses of Ontario

Base & Projects Operating Budget Summary (\$000)

Draft Operating and Capital Budget for the Year 2025

| Expense Category | 2023 Actual | 2024 Approved Budget | 2024 Forecast | 2025 Draft Budget | 2025 Budget Over / (Under) 2024 Budget | | Comments |
|--|---------------|----------------------|---------------|-------------------|--|-------------|--|
| Salary & Benefits | 49,013 | 58,571 | 56,740 | 62,000 | 3,429 | 5.9% | The 2025 budget includes costs for the net addition of 20 new permanent positions and progression and compensation changes for existing staff. Of the 20 new permanent positions, 6 were added in 2024 in response to increasing workloads and to support some of our organizational priorities. The new positions are required to: - manage the increased volume and complexity of the work - support the achievement of CNO's mandate and strategic objectives |
| Employee Related Expenses | 1,233 | 1,784 | 1,663 | 2,106 | 322 | 18.1% | The 2025 budget includes an increase in costs in conferences and skills and professional development to support staff professional development and career growth. |
| Non-Staff Remuneration & Expenses | 594 | 940 | 819 | 886 | (54) | -5.7% | The decrease is driven by lower-than-budget stipend claims in 2024 after the new stipend policy was introduced. The new policy includes new provisions for the preparatory stipend. Specifically, the preparatory stipend would need to be claimed based on the time spent preparing. CNO no longer automatically pays a preparatory stipend. As a result, we need to adjust the 2025 budget to reflect the new trend. |
| Contractors & Consultants | 4,748 | 4,421 | 4,893 | 4,438 | 17 | 0.4% | The 2025 budget projects slightly lower costs for contractors and management consulting, as we plan to reduce the use of contractors/consultants and build internal capacity to support CNO's initiatives and priorities. |
| Legal Services | 3,329 | 3,401 | 3,754 | 4,050 | 649 | 19.1% | The 2025 budget is higher compared to 2024 due to complex investigations that require upfront legal support, prosecutorial viability opinions requested by the ICRC, and the volume and complexity of cases referred for prosecution. |
| Equipment, Operating Supplies & Telecom Services | 3,925 | 6,390 | 5,634 | 5,128 | (1,262) | (19.7)% | The 2025 budget is lower mainly due to the timing of spend for software licensing and Data migration costs which shifted to 2026. |
| Other Services | 2,235 | 2,469 | 2,548 | 2,915 | 446 | 18.1% | The 2025 budget is higher due to higher credit card fees based on the increase in the volume of registrant activity, increase in registrant fees, and slightly higher payroll processing charges with the staff growth. |
| Examination Fees | 232 | 104 | 139 | 147 | 42 | 40.4% | The 2025 budget increase is mainly driven by the cost of the US to CAD exchange rate difference of the Regulatory Exam- Practical Nurse (REX-PN) |
| Taxes & Utilities | 240 | 257 | 245 | 248 | (9) | (3.6)% | The 2025 budget is lower due to the expected continuation of remote work, partially offset by hydro, water and gas annual rate increases. |
| Depreciation Expenses | 1,731 | 1,738 | 1,738 | 1,786 | 47 | 2.7% | The marginal increase for the 2025 budget compared to 2024 is due to the expected additions for capital assets. |
| Base Total | 67,280 | 80,075 | 78,173 | 83,704 | 3,629 | 4.5% | |
| Project Expenses | 3,605 | 4,000 | 4,257 | 5,000 | 1,000 | 25.0% | The 2025 budget project envelope of \$5M is to support ongoing and new projects which include: - Greater investment in information systems upgrade - Regulatory and operational enhancements - Projects related to the current strategic plan and 2025 priorities. |
| Total | 70,885 | 84,075 | 82,430 | 88,704 | 4,629 | 5.5% | |

Section 5 – Compensation and Staffing

In determining the annual provision for compensation, the following were considered:

- the compensation principles approved by Council (see next page); and
- CNO's fiscal situation, both in the coming year and the projected years.

The compensation principles provide direction that factor in a number of key considerations when looking at compensation changes. This year, these considerations included:

- the rate of inflation since the last time salaries were adjusted;
- the reality of an applicant-centric job market; and
- the need to attract and retain the resources required to progress on the Strategic Plan and maintain effective regulatory and supporting functions.

The Sub-Committee on Compensation reviewed the changes to the compensation components incorporated into the 2025 budget. In its report, the Sub-Committee advised the Finance & Risk Committee that it believes that these changes are congruent with the Compensation Principles approved by Council (see next page) and with best practices in human resources.

CNO's 2025 proposed compensation budget is \$62.000M excluding agency staffing. This is 69% of the overall expense budget. Employee benefits are 28.93% of the compensation budget. The 2025 compensation budget is \$3.429M (5.9%) higher than the 2024 budget. This increase is mainly due to:

- additional staff (\$2.049M);
- compensation and benefit cost increases (\$0.703M); and
- progression of staff within existing salary ranges (\$0.653M).

The labour budget increases are primarily due to the net addition of 14.2 full time equivalents (FTE)¹. This is made up of changes in temporary and permanent staff FTEs and is comprised of:

- full year impact of positions added in 2024 budget (2.5 FTE);
- new positions added in 2024, but not in budget (4.0 FTE); and
- additional positions requested for 2025 (7.7 FTE).

In addition to supporting progress on the Strategic Plan, the added resources are required to address increased volume of activities, operational improvements, and increased demands on the organization with respect to DEI, governance, and responses to evolving regulatory needs.

While staff compensation change is smaller than prior years, consistent with lower inflation, benefit costs have continued to rise at a faster rate despite negotiations that lowered the increase. This is primarily due to the insurer's cost experience with CNO and other like organizations.

Overall, the proposed budget adds 20 permanent staff by the end of 2025, bringing the total headcount (HC)² to 444. Of the 20, 6 positions were added during 2024 in response to increasing workloads and CNO's efforts to respond to the needs of the healthcare system.

Details are provided in Schedule 5.

¹ Full time equivalent (FTE) is a way of adding up the hours of full-time, part-time and various other types of employees into measurable 'full-time' units.

² Headcount (HC) is the count of each individual employee expected to be actively employed by CNO on a given date (usually December 31).

Compensation Principles³

Purpose:

To support an organizational culture of performance excellence by enabling CNO to hire and retain engaged and motivated staffing resources who achieve CNO's mandate.

Definitions:

Compensation:

For the purpose of these principles, compensation is defined to include the following components:

- Annual salary/hourly rates of pay;
- Rewards and recognition to include merit payments, ad hoc performance recognition, growth and learning opportunities;
- Benefits to include insured coverages (such as health and dental) and non-insured plans (such as time away allotments); and
- Retirement savings arrangements to include registered pension plans and Group RRSPs.

CNO's Employment Market:

CNO's primary employment market is defined to be: other regulatory organizations. CNO's general employment market is defined to include: the primary employment market and non-profit organizations; Ontario Public Service; municipal governments; post secondary institutions (colleges and Universities); health care; and, on a targeted basis, private sector organizations with which CNO competes for resources.

Principles:

As foundational assumptions to all Compensation Principles, CNO is committed to ensuring:

- its decisions and activities comply with all relevant legislation; and
- information about individual staff compensation is confidential.

Externally Competitive

Achieve and maintain competitive positioning relative to other employers within CNO's general employment market, as defined, on a total compensation basis. CNO's desired competitive position shall not be less than the market median and may be allowed to lead on a total compensation basis within its general employment market.

Internal Equity

Develop and consistently apply fair and transparent practices and policies to administer CNO's compensation programs for all applicants and employees.

Individual Equity

Ensure compensation-related practices and decisions are ethically, consistently, objectively and equally applied to all employees, with the result that employees perceive and experience fair treatment.

³ Approved by Council, June 2011
Revised, December 2013, December 2015, March 2020

Schedule 5

**College of Nurses of Ontario
Permanent and Temporary Staff FTE
Draft Operating and Capital Budget for the Year 2025**

| Team | 2023 FTE | 2024 FTE | 2025 FTE |
|------------------------|-----------------|-----------------|-----------------|
| Conduct & Practice | 222.4 | 229.6 | 236.4 |
| Operations | 122.4 | 143.3 | 149.0 |
| EO, DEI & Bus Services | 41.0 | 39.6 | 41.3 |
| Total | 385.7 | 412.5 | 426.6 |

| Position Type | 2023 FTE | 2024 FTE | 2025 FTE |
|----------------------|-----------------|-----------------|-----------------|
| Permanent | 380.3 | 405.1 | 422.6 |
| Temporary | 5.4 | 7.4 | 4.0 |
| Total | 385.7 | 412.5 | 426.6 |

**College of Nurses of Ontario
Labour Budget (\$000)
Draft Operating and Capital Budget for the Year 2025**

| | 2023 FTE Budget | 2024 Approved Budget | 2025 Draft Budget | 2025 over 2024 |
|--------------|----------------------------|-------------------------------------|------------------------------|---------------------------|
| Permanent | 51,590 | 56,843 | 60,769 | 3,926 |
| Temporary | 636 | 1,096 | 575 | (520) |
| Total | 52,226 | 57,939 | 61,345 | 3,406 |

**College of Nurses of Ontario
Permanent Headcount
Draft Operating and Capital Budget for the Year 2025**

| Team | 2023 HC | 2024 HC | 2025 HC |
|------------------------|----------------|----------------|----------------|
| Conduct & Practice | 230 | 240 | 245 |
| Operations | 126 | 140 | 153 |
| EO, DEI & Bus Services | 41 | 44 | 46 |
| Total | 397 | 424 | 444 |

Section 6 – Capital Budget

Schedule 6, the draft capital budget, identifies proposed building changes, new or replacement furniture, equipment, and software purchases for the 2025 budget year along with projected estimates through 2028. The listing of capital expenditures is grouped by fixed asset category.

According to CNO's accounting policy, an item is capitalized when it has a useful life of more than one (1) year **and** its value is greater than \$500. For example, a personal computer (PC) purchased for \$2,000 would be capitalized because it has a useful life of more than 1 year **and** the value is greater than \$500. On the other hand, a computer hard drive purchased for \$400 is not capitalized even though the estimated useful life is greater than 1 year because the cost is less than \$500.

The 2025 capital budget and 2026-2028 projections concentrate on two areas: building and technology infrastructure.

- Building
 - Capital expenditures for building improvement of \$0.12M in 2025.
 - 2026 to 2028 projections include investments of \$0.35M for building improvement and \$0.45M for furniture and equipment.
- Technology
 - The 2025 budget has a provision of \$0.641M for hardware refresh and software; and
 - 2026 to 2028 projections include investments of \$2.1M for hardware and software.

Schedule 6

**College of Nurses of Ontario
Capital Budget and Projections (\$000)
Draft Operating and Capital Budget for the Year 2025**

2025

| Fixed Asset Category | Description | 2025 |
|-----------------------------|---|-------------|
| Furniture & Fixture | Furniture | 0 |
| Equipment | Equipment | 0 |
| Computer Hardware | Personal computers, servers, other hardware | 548 |
| Computer Software | Capitalized software costs | 93 |
| Building | Building | 0 |
| Building Improvement | Building Improvements | 120 |
| | Total Capital for 2025 | 761 |

2026

| Fixed Asset Category | Description | 2026 |
|-----------------------------|---|-------------|
| Furniture & Fixture | Furniture | 100 |
| Equipment | Equipment | 50 |
| Computer Hardware | Personal computers, servers, other hardware | 600 |
| Computer Software | Capitalized software costs | 100 |
| Building | Building | 0 |
| Building Improvement | Building Improvements | 100 |
| | Total Capital for 2026 | 950 |

2027

| Fixed Asset Category | Description | 2027 |
|-----------------------------|---|-------------|
| Furniture & Fixture | Furniture | 100 |
| Equipment | Equipment | 50 |
| Computer Hardware | Personal computers, servers, other hardware | 600 |
| Computer Software | Capitalized software costs | 100 |
| Building | Building | 0 |
| Building Improvement | Building Improvements | 100 |
| | Total Capital for 2027 | 950 |

2028

| Fixed Asset Category | Description | 2028 |
|-----------------------------|---|--------------|
| Furniture & Fixture | Furniture | 100 |
| Equipment | Equipment | 50 |
| Computer Hardware | Personal computers, servers, other hardware | 600 |
| Computer Software | Capitalized software costs | 100 |
| Building | Building | 0 |
| Building Improvement | Building Improvements | 150 |
| | Total Capital for 2028 | 1,000 |

Section 7 – Projection Assumptions for 2026-2028

CNO is considered a leader in delivering on its regulatory mandate. To maintain its leadership position, CNO is required to focus on operational enhancements and progress on its strategic plan. This requires continuous improvement of base operations and investments through projects that contribute to the future well-being of the organization. Several projects and initiatives have been planned that will reach their operational/implementation phase in these years, including realization of many components of Strategic Plan 2021-2026.

Maintaining and improving on operating results across regulatory and support functions, while investing in realizing the Strategic Plan will continue to be a priority. CNO will be prepared to respond to increases in volumes, adding resources where needed. Costs associated with responding to significant volume increases have not been included in the plan.

The projections do not have provisions for the impact of any legislation changes that might emerge between 2026 and 2028.

The projections contain \$5.0M, \$5.0M, and \$5.0M for project expenditures in 2026, 2027, and 2028, respectively.

The projections reflect revenue changes resulting from approved fee increases, and from expected changes in registrant and applicant volumes.

Year 2026

Revenues:

- Overall fee related revenues continue to increase due to approved fee increases.
- Growth in registration numbers is expected to continue at a slower pace. Application income is expected to increase; and
- Interest revenue is expected to decrease primarily due to falling interest rates and declining accumulated surplus.

Expenses:

- General inflation of 3.0%;
- Nurses' Health Program will continue operations;
- Continued implementation of the Strategic Plan 2021-2026 initiatives;
- Increased headcount to manage growth in registrant and applicant volumes;
- Further enhancements to the information and financial systems;
- Enhancements to IT infrastructure to mitigate future risk and impact of cyber incidents;
- New technology and resources to support Quality Assurance and other regulatory processes; and
- The next Strategic Plan will have been approved and preparatory work will commence.

Accumulated Surplus:

CNO will incur an annual operating surplus of \$0.449M that will result in unrestricted net assets of \$41.817M or 5.36 months of operating costs coverage at the end of the year. This falls within the Finance & Risk Committee guideline of a minimum of three months and maximum of six months.

Year 2027

Revenues:

- Overall fee related revenues continue to increase due to approved fee increases;
- Growth in registration numbers is expected to remain consistent with previous years;
- Application income is expected to increase slightly;
- Increased headcount to manage growth in registrant and applicant volumes; and
- Interest revenue is expected to decrease primarily due to declining accumulated surplus.

Expenses:

- General inflation of 3.0%; and
- Execution of elements of a new strategic plan will commence.

Accumulated Surplus:

CNO will incur an annual operating deficit of \$1.325M that will result in net unrestricted assets of \$41.15M or 5.07 months operating coverage. This falls within the Finance & Risk Committee guideline of a minimum of three months and maximum of six months. Given the projected deficit in 2027 and the desire to avoid large fee increases every 4-5 years, the financial results for 2025 and the proposed budget for 2026 will be assessed to see whether smaller annual fee increases should be recommended to begin in 2027.

Year 2028

Revenues:

- Growth in registration numbers is expected to remain consistent with previous years;
- Application income is expected to increase slightly; and
- Interest revenue is expected to decrease primarily due to declining accumulated surplus.

Expenses:

- General inflation of 3.0%;
- Increased headcount to manage growth in registrant and applicant volumes;
- Normal level of investments in operational improvements and new initiatives; and
- Execution of elements of a new strategic plan will commence.

Accumulated Surplus:

CNO will incur an annual operating deficit of \$3.371M (assuming no fee changes) that will result in unrestricted net assets of \$38.412M or 4.56 month's operating coverage. This falls within the Finance & Risk Committee guideline of a minimum of three months and maximum of six months.

Section 8 – Financial Position

Schedule 8 identifies the assets, liabilities, and net assets (surplus) that CNO has or is projected to have as a result of this budget. It covers the period from 2023 to 2028.

Assets are current or long term:

- **Current assets** are cash or assets that can readily be changed to cash in a short period of time.
- **Long term assets** are assets that cannot be turned into cash or expensed within one year, such as long-term investments and fixed assets (building, equipment etc.).

The values of fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is an accounting representation of the reduction in useful life of assets over time through wear or technological change.

Liabilities are current or long term.

- **Current liabilities** are the debts owed by CNO for services, supplies, or asset purchases for which a commitment (by contract or receipt) has been made by CNO to pay within one year.
- **Long term liabilities** are the debts owed by CNO for services, supplies, or asset purchases for which a commitment (by contract) has been made by CNO to pay over a period of time greater than one year (e.g., a mortgage). CNO has no long-term debt.

Net Assets are the residual of all assets less all liabilities. The result represents the net worth or net book value of CNO, according to the financial records.

- **Invested in Capital Assets** represents the accumulated value of the cost of long-term assets purchased over time (net of accumulated depreciation/amortization) less any long-term debt associated with those assets. CNO's planned capital surplus of \$10.575M at the end of 2025 represents funds available to purchase additional capital assets. This surplus is considered to be restricted for the purposes of capital asset replacements.
- **Unrestricted Net Assets** represents the accumulated annual operating surpluses, net of accumulated annual operating deficits and net of the accumulated amount **Invested in Capital Assets**, generated each year since the inception of CNO. An accumulated operating surplus of \$40.804M is the result of the 2025 draft budget. These funds are considered to be unrestricted in their use.

Schedule 8

College of Nurses of Ontario
Statements of Financial Position as at December 31 (\$000)
Draft Operating and Capital Budget for the Year 2025

| | 2023 | 2024 | | 2025 | 2026 | 2027 | 2028 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Actual | Approved | 2024 | Draft | Proj'n | Proj'n | Proj'n |
| | | Budget | Forecast | Budget | | | |
| ASSETS | | | | | | | |
| Current Assets: | | | | | | | |
| Cash | 61,640 | 72,055 | 72,975 | 74,644 | 77,863 | 79,898 | 79,927 |
| Investments | 33,750 | 16,808 | 26,102 | 31,478 | 34,494 | 36,553 | 37,641 |
| Sundry receivables | 394 | 100 | 100 | 100 | 100 | 100 | 100 |
| Prepaid expenses | 1,506 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| | <u>97,288</u> | <u>90,162</u> | <u>100,377</u> | <u>107,422</u> | <u>113,657</u> | <u>117,750</u> | <u>118,868</u> |
| Investments | 12,578 | 21,563 | 11,938 | 10,968 | 10,044 | 7,101 | 5,072 |
| Capital Assets | 12,044 | 11,359 | 11,341 | 10,298 | 9,747 | 9,101 | 8,473 |
| Intangible Assets | 293 | 163 | 289 | 277 | 264 | 252 | 247 |
| | <u>24,915</u> | <u>33,085</u> | <u>23,568</u> | <u>21,543</u> | <u>20,055</u> | <u>16,453</u> | <u>13,792</u> |
| Total Assets | <u>122,203</u> | <u>123,247</u> | <u>123,945</u> | <u>128,965</u> | <u>133,711</u> | <u>134,204</u> | <u>132,660</u> |
| LIABILITIES | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts Payable & Accrued Liabilities | 14,644 | 13,260 | 13,500 | 13,703 | 13,908 | 14,117 | 14,328 |
| Deferred Membership Fees | 60,533 | 61,240 | 59,736 | 63,884 | 67,976 | 69,585 | 71,200 |
| | <u>75,177</u> | <u>74,500</u> | <u>73,236</u> | <u>77,586</u> | <u>81,884</u> | <u>83,701</u> | <u>85,529</u> |
| NET ASSETS | | | | | | | |
| Invested in Capital Assets | 12,337 | 11,522 | 11,630 | 10,575 | 10,011 | 9,353 | 8,720 |
| Unrestricted | 34,689 | 37,225 | 39,079 | 40,804 | 41,817 | 41,150 | 38,412 |
| | <u>47,025</u> | <u>48,747</u> | <u>50,709</u> | <u>51,378</u> | <u>51,827</u> | <u>50,502</u> | <u>47,132</u> |
| Total Liabilities and Net Assets | <u>122,203</u> | <u>123,247</u> | <u>123,945</u> | <u>128,965</u> | <u>133,711</u> | <u>134,204</u> | <u>132,660</u> |

Section 9 – Cash Flow

Schedule 9 identifies the activities that generate cash and the use of cash through a year. Annual operating surpluses generate cash while the purchases of capital assets use cash. The schedule covers a period from 2023 to 2028 inclusive.

Schedule 9

College of Nurses of Ontario

Statements of Cash Flows (\$000)

Draft Operating and Capital Budget for the Year 2025

| | 2023 Actual | 2024 Forecast | 2025 Draft Budget | 2026 Proj'n | 2027 Proj'n | 2028 Proj'n |
|--|------------------------|--------------------------|------------------------------|------------------------|------------------------|------------------------|
| Cash flows from operating activities | | | | | | |
| Excess of expenses over revenues for the period | (3,762) | 3,684 | 669 | 449 | (1,325) | (3,371) |
| Adjustments to determine net cash provided by (used in) operating activities | | | | | | |
| Amortization of capital assets | 1,608 | 1,598 | 1,710 | 1,401 | 1,496 | 1,528 |
| Amortization of intangible assets | 84 | 94 | 106 | 113 | 112 | 105 |
| Loss on disposal of asset | 39 | - | - | - | - | - |
| (Increase) decrease net pension expenses over funding | - | - | - | - | - | - |
| Interest not received during the year capitalized to investments | (1,007) | (777) | (508) | (570) | (609) | (613) |
| Interest capitalized on investments | 271 | 810 | 873 | 478 | 981 | 553 |
| | <u>(2,767)</u> | <u>5,409</u> | <u>2,850</u> | <u>1,871</u> | <u>655</u> | <u>(1,798)</u> |
| Change in non-cash working capital | | | | | | |
| Decrease (increase) in sundry receivables | (262) | 294 | - | - | - | - |
| (Increase) decrease in prepaid expenses | (330) | 306 | - | - | - | - |
| Increase (decrease) in accounts payables and accrued liabilities | 315 | (1,144) | 202 | 206 | 209 | 212 |
| Increase (decrease) in deferred membership fees | 14,147 | (797) | 4,148 | 4,092 | 1,609 | 1,616 |
| | <u>11,103</u> | <u>4,067</u> | <u>7,201</u> | <u>6,169</u> | <u>2,472</u> | <u>29</u> |
| Cash flows from investing activities | | | | | | |
| Purchase of investments | (43,369) | (43,659) | (40,000) | (33,000) | (33,000) | (35,000) |
| Proceeds from disposal of investments | 34,063 | 51,913 | 35,229 | 31,000 | 33,513 | 36,000 |
| Purchase of capital assets | (731) | (895) | (668) | (850) | (850) | (900) |
| Purchase of intangible assets | (180) | (90) | (93) | (100) | (100) | (100) |
| | <u>(10,218)</u> | <u>7,269</u> | <u>(5,532)</u> | <u>(2,950)</u> | <u>(437)</u> | <u>0</u> |
| Net (decrease) increase in cash during year | 885 | 11,335 | 1,670 | 3,219 | 2,035 | 29 |
| Cash, beginning of the period | 60,754 | 61,640 | 72,975 | 74,644 | 77,863 | 79,898 |
| Cash, end of the period | 61,640 | 72,975 | 74,644 | 77,863 | 79,898 | 79,927 |