

**COLLEGE OF REGISTERED NURSES OF MANITOBA**  
**INDEPENDENT AUDITOR'S REPORT**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025**

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FINANCIAL STATEMENTS  
DECEMBER 31, 2025  
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## INDEPENDENT AUDITOR'S REPORT

To Council of the College of Registered Nurses of Manitoba:

### Opinion

We have audited the financial statements of the College of Registered Nurses of Manitoba (the "College"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets, and cash flows for the year then ended, and the 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 as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**Winnipeg, Manitoba  
March 5, 2026**

Fort Group

**CHARTERED PROFESSIONAL  
ACCOUNTANTS INC.**



**COLLEGE OF REGISTERED NURSES OF MANITOBA  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 434,853	1,479,548
Restricted cash and GIC (Note 3)	300,391	350,216
Accounts receivable (Note 4)	581,872	100,596
Investments (Note 5)	15,864,729	14,881,470
Prepaid expenses	<u>189,355</u>	<u>124,375</u>
	17,371,200	16,936,205
<b>LOAN RECEIVABLE</b> (Note 6)	218,281	256,238
<b>PROPERTY AND EQUIPMENT</b> (Note 7)	2,571,677	237,471
<b>INTANGIBLE ASSETS</b> (Note 8)	2,679	23,355
<b>ASSETS FOR IMPLEMENTATION OF SOFTWARE SERVICES</b> (Note 9)	<u>266,233</u>	<u>343,707</u>
	<u>\$ 20,430,070</u>	<u>17,796,976</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payables and accruals (Note 10)	\$ 701,851	664,254
Deferred revenue from registration and other	8,052,642	7,593,041
Current portion of deferred lease inducement (Note 11)	84,852	-
Funds held in trust (Note 3)	<u>300,391</u>	<u>350,216</u>
	9,139,736	8,607,511
<b>PRE-RETIREMENT LEAVE LIABILITY</b> (Note 15)	373,582	347,710
<b>DEFERRED LEASE INDUCEMENT</b> (Note 11)	<u>925,196</u>	<u>-</u>
	<u>10,438,514</u>	<u>8,955,221</u>
<b>NET ASSETS</b>		
Invested in property and equipment, intangible assets and software services	1,987,344	604,533
Unrestricted	5,438,452	4,052,262
Internally restricted (Note 12)		
Capital Reserve	771,220	2,431,434
Legal and Sustainability Fund	<u>1,794,540</u>	<u>1,753,526</u>
	<u>9,991,556</u>	<u>8,841,755</u>
	<u>\$ 20,430,070</u>	<u>17,796,976</u>

APPROVED ON BEHALF OF COUNCIL:

Kenneth Molloy  
\_\_\_\_\_  
Chair

Deb Elias  
\_\_\_\_\_  
Chief Executive Officer/Registrar

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
<b>REVENUE</b>		
Registration and application fees	\$ 8,507,139	8,215,997
Interest income	268,413	311,174
Administrative fees and other	166,862	161,304
Examination	<u>154,450</u>	<u>135,870</u>
	<u>9,096,864</u>	<u>8,824,345</u>
<b>EXPENSES</b>		
Administration	1,563,016	1,558,657
Building operations	655,424	573,143
Communication	732,198	615,922
Council	123,925	121,898
Financial services	444,850	459,101
Information technology	696,594	592,462
Office services	85,782	81,774
Practice	968,027	875,367
Professional conduct	1,646,263	1,329,819
Registration	<u>911,265</u>	<u>827,227</u>
	<u>7,827,344</u>	<u>7,035,370</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS AND AMORTIZATION</b>	<u>1,269,520</u>	<u>1,788,975</u>
<b>OTHER ITEMS</b>		
Interest income on levies (Note 12)	63,056	176,988
Loss on disposal of property and equipment	(504)	(2,514)
Sub-tenant lease recoveries (Note 14)	<u>73,372</u>	<u>-</u>
	<u>135,924</u>	<u>174,474</u>
<b>AMORTIZATION</b>		
Amortization of property and equipment	148,738	52,690
Amortization of intangible assets	20,675	24,066
Amortization of assets for implementation of software services	<u>86,230</u>	<u>101,630</u>
	<u>255,643</u>	<u>178,386</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 1,149,801</u>	<u>1,785,063</u>

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2025**

	INVESTED IN PROPERTY AND EQUIPMENT, INTANGIBLE ASSETS AND SOFTWARE SERVICES	UNRESTRICTED	INTERNALLY RESTRICTED (Note 12)		2025	2024
			CAPITAL RESERVE	LEGAL AND SUSTAINABILITY FUND		
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 604,533	4,052,262	2,431,434	1,753,526	8,841,755	7,056,692
Excess (deficiency) of revenue over expenses	(222,592)	1,309,337	22,042	41,014	1,149,801	1,785,063
Property and equipment acquired (\$167,778 in 2024)	2,483,445	(801,189)	(1,682,256)	-	-	-
Tenant lease inducement contribution (\$nil in 2024)	(886,800)	886,800	-	-	-	-
Purchased assets for implementation of software services (\$65,761 in 2024)	<u>8,758</u>	<u>(8,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	\$ <u><u>1,987,344</u></u>	<u><u>5,438,452</u></u>	<u><u>771,220</u></u>	<u><u>1,794,540</u></u>	<u><u>9,991,556</u></u>	<u><u>8,841,755</u></u>

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 1,149,801	1,785,063
Add non-cash item(s):		
Amortization of property and equipment	148,738	52,690
Amortization of intangible assets	20,675	24,066
Amortization of assets for implementation of software services	86,230	101,630
Amortization of loan discount	(12,043)	(13,747)
Amortization of deferred lease inducement	(33,555)	-
Loss on disposal of property and equipment	504	2,514
Pre-retirement leave liability	<u>25,872</u>	<u>33,722</u>
	1,386,222	1,985,938
Change in non-cash working capital:		
Accounts receivable	(483,711)	84,393
Prepaid expenses	(64,980)	(78,559)
Payables and accruals	40,032	105,928
Deferred revenue from registration and other	459,601	305,674
Deferred lease inducement	<u>156,803</u>	<u>-</u>
	<u>1,493,967</u>	<u>2,403,374</u>
<b>INVESTING ACTIVITIES</b>		
Investment acquisitions, net of dispositions	(983,259)	(1,690,269)
Property and equipment acquisitions	(1,596,645)	(167,778)
Assets for implementation of software services acquisitions	(8,758)	(65,761)
Proceeds on sale of property and equipment	<u>-</u>	<u>799</u>
	<u>(2,588,662)</u>	<u>(1,923,009)</u>
<b>FINANCING ACTIVITIES</b>		
Principal payments received on loan receivable	50,000	50,000
Funds held in trust received (repaid)	<u>(49,825)</u>	<u>350,216</u>
	175	400,216
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,094,520)	880,581
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,829,764</u>	<u>949,183</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 735,244</u>	<u>1,829,764</u>
<b>COMPOSED OF:</b>		
Cash and cash equivalents	\$ 434,853	1,479,548
Restricted cash and GIC	<u>300,391</u>	<u>350,216</u>
	<u>\$ 735,244</u>	<u>1,829,764</u>

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025**

**1. ACCOUNTING ENTITY**

The College of Registered Nurses of Manitoba (the "College") has as its mission to protect the public through quality registered nursing regulation. The Registered Nurses Act and Regulations of the Province of Manitoba set out the College's responsibilities until May 31, 2018, when it became governed under the Regulated Health Professions Act and the Practice of Registered Nursing Regulation.

The College is a not-for-profit organization exempt from taxes under the Income Tax Act.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

**(a) Revenue Recognition**

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable and when collectibility is reasonably assured.

Registration and application fees are recognized as revenue in the period that corresponds to the registration year to which they relate.

Examination fees received are recognized as revenue in the year the applicant completes the exam.

Interest income is recognized as revenue in the year to which it relates and includes interest earned on investments.

Subtenant lease recoveries are recognized as revenue in the year to which they relate, when they are received or receivable, and when collectibility is reasonably assured.

Administrative and other fees are recognized as revenue in the year to which they relate and include administrative, bank, and certification fees.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances, and credit card and debit card settlements due to the College.

**(c) Property and Equipment**

Property and equipment are stated at cost less accumulated amortization. Amortization is recorded beginning in the later of the month of acquisition or when the asset is available for use. Amortization based on the estimated useful life of the asset is calculated as follows:

Equipment	20% to 33% declining balance basis
Furniture	20% declining basis
Leasehold improvements	10-15 years straight-line basis over the term of the lease

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Intangible Assets**

Intangible assets consist of computer software and software under development. Intangible assets are stated at cost less accumulated amortization. Amortization is recorded beginning in the later of the month of acquisition or when the asset is available for use. Amortization based on the estimated useful life of the asset is calculated on a straight-line basis over a 3 or 5-year period. Intangible assets under development are not amortized until completed and operational.

**(e) Customers Accounting for Cloud Computing Arrangements**

At the inception of a cloud computing arrangement with a supplier, the College allocates consideration to all significant separable elements. The College then capitalizes expenditures related to the implementation activities directly attributable to preparing the membership database for its intended use, as these expenditures meet the definition of an asset as a software service. The amounts capitalized are disclosed in Note 9. When management observes conditions that indicate impairment has occurred, a write-down occurs.

The College has expensed research, training, and other activity expenses incurred as part of the new membership database but were not directly attributable to the preparation of the database for its intended use.

The implementation costs are to be recognized as an expense on a straight-line basis over the expected period of use of the membership database, which management has estimated to be 5 years.

**(f) Pension and Pre-retirement Leave Benefits**

The College provides pension benefits and pre-retirement leave benefits to its employees.

Pre-retirement leave benefits are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are determined using management's best estimates of service length, salary increases and the ages at which employees will retire. Gains and losses are recognized in income immediately.

Pension benefits are provided to substantially all of the College employees. The College is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the pension plan described in Note 15.

**(g) Financial Instruments**

Financial instruments held by the College include cash and cash equivalents, restricted cash and GIC, investments, loan receivable, accounts receivable, payables and accruals and funds held in trust. The College initially measures its financial instruments at fair value when the asset or liability is first recognized. The College subsequently measures cash and cash equivalents, receivables, loan receivables and payables, and accruals at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition, less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. The College measures investments at fair value without any adjustments for transaction costs that may incur on sale or other disposal, with gains and losses recognized in operations.

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Use of Estimates**

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Estimates include the present value of the loan receivable, pre-retirement leave liability, amounts payable for services not billed yet at the time these financial statements were approved, the estimated useful life of property, equipment, intangible assets, and the service life of asset for implementation of software services, allowance for doubtful accounts and the allocation of management's salaries and benefits to various programs. Actual results may differ from management's best estimates as additional information becomes available in the future.

**(i) Allocation of Salaries and Benefits**

Management's salaries and benefits are allocated proportionately based on the time each employee spends in the College's various program areas.

**(j) Operating Leases and Lease Inducements**

Operating leases are recognized on a straight-line basis over the respective lease term when this treatment is more representative of the time pattern in which the user derives benefit from the leased property. Lease inducements are accounted for as a reduction of the lease expense over the term of the lease. Lease inducements are amortized on a straight-line basis over the remaining term of the lease.

**(k) Contributed Services and Donated Materials**

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased, and the fair value can be reasonably estimated. Contributions of services are not recognized in these financial statements.

**3. RESTRICTED CASH AND GIC**

The College has received funds from the Association of Regulated Nurses of Manitoba ("Association") as collateral for their loan with the College, as detailed in Note 5. These funds are held in a savings account and a GIC earning interest at 3.70% (2024 - 4.60%), maturing on October 1, 2026 (2024 - October 1, 2025). Any interest earned on the funds will be returned to the Association.

**4. ACCOUNTS RECEIVABLE**

	<b><u>2025</u></b>	<b><u>2024</u></b>
Sub-tenant construction costs receivable (Note 14)	\$ 506,825	-
Current portion of loan receivable (Note 6)	50,000	50,000
Accrued interest receivable	<u>25,047</u>	<u>50,596</u>
	<b><u>\$ 581,872</u></b>	<b><u>100,596</u></b>

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025**

**5. INVESTMENTS**

	<u>2025</u>	<u>2024</u>
Savings		
Unrestricted	\$ 432,924	755,601
Capital Reserve	739,899	1,083,688
Legal and Sustainability Fund	1,764,026	742,181
Operating Fund	<u>12,927,880</u>	<u>-</u>
	<u>15,864,729</u>	<u>2,581,470</u>
Guaranteed Investment Certificates		
Capital Reserve	-	1,304,160
Legal and Sustainability Fund	-	977,880
Operating Fund	<u>-</u>	<u>10,017,960</u>
	<u>-</u>	<u>12,300,000</u>
	<u>\$ 15,864,729</u>	<u>14,881,470</u>

The variable interest rate on investments in savings accounts on December 31, 2025, was 2.00% (2024 - 2.20%).

The guaranteed investment certificates matured between January and December 2025 with interest rates ranging from 2.95% and 5.20%. The guaranteed investment certificates were not re-invested upon maturity. The College elected to transfer the funds to interest generating savings accounts.

**6. LOAN RECEIVABLE**

During the year ended December 31, 2015, the College extended a \$600,000 loan to the Association of Regulated Nurses of Manitoba ("Association"). The loan is secured by a promissory note and General Security Agreement. The loan is interest-free unless the Association is in breach of its covenants and the College demands repayment, at which time interest would accrue at prime plus 1%, with an effective rate of 5.45% as at December 31, 2025. The agreement requires annual payments of \$50,000, with the final payment due on January 1, 2031. As of December 31, 2024, the College has waived the covenant reporting requirements, as it is holding Association funds as collateral, as disclosed in Note 3.

The interest-free loan presented in the financial statements has been discounted using a discount rate of 4.70%. During the year, the College recognized \$12,043 (2024 - \$13,747) as revenue relating to amortization of discount on the loan receivable which is included in interest income. As at December 31, 2025, the loan receivable balance is \$218,281 (2024 - \$256,238) with \$50,000 (2024 - \$50,000) included in accounts receivable. As at December 31, 2025, the face value of the loan, or principal outstanding, was \$300,000 (2024 - \$350,000).

**7. PROPERTY AND EQUIPMENT**

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Equipment	\$ 499,259	448,087	497,444	437,489
Furniture	905,320	779,756	829,310	764,053
Leasehold improvements	<u>2,504,863</u>	<u>109,922</u>	<u>1,540,921</u>	<u>1,428,662</u>
	<u>3,909,442</u>	<u>1,337,765</u>	<u>2,867,675</u>	<u>2,630,204</u>
Net book value	<u>\$ 2,571,677</u>		<u>237,471</u>	

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025**

**8. INTANGIBLE ASSETS**

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Computer software	\$ <u>2,104,042</u>	<u>2,101,363</u>	<u>2,104,042</u>	<u>2,080,687</u>
Net book value	\$ <u><u>2,679</u></u>		<u><u>23,355</u></u>	

**9. ASSETS FOR IMPLEMENTATION OF SOFTWARE SERVICES**

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Implementation of software services	\$ <u>454,093</u>	<u>187,860</u>	<u>445,337</u>	<u>101,630</u>
Net book value	\$ <u><u>266,233</u></u>		<u><u>343,707</u></u>	

**10. PAYABLES AND ACCRUALS**

Included in payables and accruals is \$34,479 (2024 - \$27,465) in government remittances payable relating to payroll tax, source deductions and GST payable.

**11. DEFERRED LEASE INDUCEMENT**

The current office space lease provides for a lease inducement for leasehold improvements and a period of free rent. It is being amortized over the life of the lease to October 2040.

	<u>2025</u>	<u>2024</u>
Tenant lease inducements	\$ 1,043,603	-
Amortization of tenant lease inducement contribution	<u>(33,555)</u>	<u>-</u>
	1,010,048	-
Less current portion	<u>(84,852)</u>	<u>-</u>
Closing balance	<u><u>\$ 925,196</u></u>	<u><u>-</u></u>

**COLLEGE OF REGISTERED NURSES OF MANITOBA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2025**

**12. INTERNALLY RESTRICTED NET ASSETS**

In prior years, Council approved the Financial Sustainability Plan that established the following restricted net assets:

*Capital Reserve* - The intent of the Capital Reserve is to fund the purchase or enhancement of strategic large capital items. Capital items are expenditures made with the expectation of receiving benefits for longer than a single year.

*Legal and Sustainability Fund* - The purpose of the Legal and Sustainability Fund is to provide a reserve for one-time, unforeseen expenditures not within the budget.

These internally restricted amounts are not available for other purposes without the approval of Council.

During the December 31, 2025, year-end, Council approved an interfund transfer of \$1,682,256 (2024 - \$Nil) from the Capital Reserve to the Property and Equipment, Intangible Assets and Software Services net assets to fund leasehold improvements.

The levies and interest income earned on funds were credited to the respective restricted net assets as follows during the year.

	<u>Capital Reserve</u>	<u>Legal and Sustainability Fund</u>	<u>Total</u>
Revenue			
Interest income	\$ 22,042	41,014	63,056
Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenses	<u>\$ 22,042</u>	<u>41,014</u>	<u>63,056</u>

**13. EXPENSES BY NATURE**

The expenses by nature are as follows:

	<u>2025</u>	<u>2024</u>
Salaries, benefits and training	\$ 5,583,470	5,016,631
Office occupancy and operations	991,329	886,862
Software and data costs	207,456	216,395
Legal services and consultants	1,045,089	915,482
Amortization	<u>255,643</u>	<u>178,386</u>
	<u>\$ 8,082,987</u>	<u>7,213,756</u>

**14. TENANT LEASE RECOVERIES**

The College is the primary lessee of its office premises. As part of its participation in the Centre for Professional Regulatory Collaboration (CPRC), a regulatory hub formed to support collaboration among Manitoba health profession regulators, the College shares a portion of its leased space with other regulatory organizations. In accordance with cost-sharing agreements established with these organizations, the College recovers a proportionate share of occupancy-related costs, including rent, common area charges, and other premises-related expenditures.

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**15. EMPLOYER FUTURE BENEFITS**

**Multi-employer Defined Benefit Pension Plan**

Substantially all of the employees of the College are members of the Healthcare Employees' Pension Plan – Manitoba (the "Plan" or "HEPP") which is a multi-employer defined benefit, highest consecutive average earnings, contributory pension plan available to all eligible employees of the participating members of the Plan. The College accounts for contributions to this Plan on a defined contribution basis as accounting for the Plan on a defined benefit basis is not reasonably practical.

Pension assets consist of investment grade securities. Market, credit and liquidity risk on these securities are managed by the Plan which adheres to specific investment policies outlined in its Statement of Investment Policies and Procedures, which is reviewed annually by the Plan.

The primary risk the Plan faces is that the Plan's asset growth and contribution rates will be insufficient to cover the Plan's liabilities (funding risk) resulting in an unfunded liability (funding deficiency). If a funding deficiency reaches a certain level, or persists, it may need to be eliminated through contribution rate increases, pension benefit reductions or a combination of the two.

The most recent actuarial valuation of the Plan as at December 31, 2023, indicates that the plan's assets exceed its estimated liabilities and therefore the Plan is in a surplus position. Additionally, on a solvency valuation basis, which hypothetically assumes that the pension plan is wound up on the reporting date, the plan has a solvency surplus as at December 31, 2023. The Manitoba Pension Commission confirmed that the Plan does not have to fund on a solvency basis but must still undertake a solvency valuation and disclose the current deficit, if any. The HEPP board continues to monitor the Plan's financial progress to align the assets and liabilities based on Plan experience and investment returns over the long term.

Contributions to the Plan made during the year by the College on behalf of its employees amounted to \$384,207 (2024 - \$348,827) and are included as expenses in the statement of operations.

**Pre-retirement Leave Liability**

Employees are granted leave benefits based on meeting specific criteria. Pre-retirement leave benefits liability was estimated by management using best estimates to be \$373,582 as at December 31, 2025 (2024 - \$347,710) which are presented as a liability on the statement of financial position.

**16. LINE OF CREDIT**

The College has an approved line of credit authorized to a maximum of \$200,000, bearing an interest rate of prime plus 1% being 5.45% at December 31, 2025 (2024 - 6.20%). The balance outstanding on the line of credit at December 31, 2025, was \$Nil (2024 - \$Nil).

**17. CONTINGENT LIABILITIES**

The College has claims outstanding, related to various matters arising, in the ordinary course of its business. These matters are ongoing and their outcome and an estimate of loss, if any, are not determinable at the date of approval of these financial statements. The College has no reason to expect that the ultimate disposition of any of these matters will have a material adverse impact on its financial position, results of operations or its ability to carry on any of its business activities.

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**18. COMMITMENTS**

The College has entered into a lease agreement for its office premises. The agreement requires the College to pay a proportionate share of property taxes and operating expenses.

The future annual lease payments for the College are as follows:

2026	\$	334,279
2027		334,279
2028		334,279
2029		334,279
2030		354,376
Thereafter		<u>3,873,542</u>
	\$	<u>5,565,034</u>

**19. FINANCIAL RISK MANAGEMENT**

**(a) Credit Risk**

Credit risk is the risk that the College will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the College to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, loan receivable and investments. The College is not exposed to significant credit risk as cash and cash equivalents are held in operating accounts, receivables are typically paid when due, the loan receivable is secured by a General Security Agreement with monthly monitoring of the loan performed by the College, and investments at December 31, 2025, are fully guaranteed. In addition, the College follows its investment policy to monitor the investments in an effort to minimize its exposure to credit risk.

**(b) Liquidity Risk**

Liquidity risk is the risk that the College will not be able to meet its obligations as they fall due. The College maintains adequate working capital to ensure that all its obligations can be met when they fall due by maintaining a portion of its investments in highly liquid investments. In addition, the College has an authorized line of credit.

**(c) Interest Rate Risk**

Interest rate cash flow risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments. Interest rate price risk is the risk that changes in market interest rates may have an effect on the fair value of other financial instruments. It is management's opinion that the College is exposed to interest rate risk associated with its cash, investments and pre-retirement leave liability balances; however, this risk is low.

**20. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.