

**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA  
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DECEMBER 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Members of:  
**Provincial Dental Board of Nova Scotia**

### *Opinion*

We have audited the financial statements of **Provincial Dental Board of Nova Scotia** ("the Board"), which comprise the statement of financial position as at December 31, 2022 and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2022, and results of its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

#### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board 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.

*Baker Tilly Nova Scotia Inc*

Dartmouth, Nova Scotia  
June 1, 2023

**Chartered Professional Accountants**

**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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	2022	2021
	\$	\$
<b>REVENUES</b>		
License fees		
Dentists	854,975	693,052
Dental assistants	232,001	200,690
Corporation permit fees	91,250	76,137
Disciplinary cost recovery	4,000	20,500
Reinstatement fees	17,929	3,129
Realized gain on sale of investments	-	44,528
Unrealized gain (loss) on investments	( 22,993)	12,743
Investment income	27,479	11,888
Other permit fees	4,800	-
Continuing education course	<u>8,551</u>	<u>-</u>
	<u>1,217,992</u>	<u>1,062,667</u>
<b>EXPENSES</b>		
Accounting	10,225	7,604
Amortization	3,525	4,406
Audit and advisory	14,019	18,559
Bad debts	-	3,932
Bank and credit card fees	31,249	30,723
Consulting fees	15,459	45,631
Deputy registrar	28,765	26,015
Functional Committees (Page 14)	43,520	33,669
Gifts	1,166	616
Grants	24,762	22,379
Insurance	32,971	30,097
Investment fees	3,540	5,823
Legal	126,357	158,518
Office and administration	5,738	6,798
Office supplies and printing	11,478	13,574
Postage	6,684	3,865
Quality assurance inspections	20,905	48,113
Registrar (Page 14)	208,219	227,810
Rent	82,142	82,142
Repairs and maintenance	3,353	3,416
Software and website	104,485	121,542
Staff expenses (Page 14)	125,117	134,743
Standing Committees and Board of Directors (Page 15)	111,807	77,469
Telephone and internet	<u>9,333</u>	<u>8,236</u>
	<u>1,024,819</u>	<u>1,115,680</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>193,173</u>	<u>( 53,013)</u>

**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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	Unrestricted Net Assets	Restricted Operating Net Assets	2022 \$	2021 \$
<b>NET ASSETS - beginning of year</b>	734,490	128,530	<b>863,020</b>	916,033
Excess (deficiency) of revenues over expenses	193,173	-	<b>193,173</b>	( 53,013)
Interfund transfers	( 100,000)	100,000	-	-
<b>NET ASSETS - end of year</b>	<u>827,663</u>	<u>228,530</u>	<u><b>1,056,193</b></u>	<u>863,020</u>


PROVINCIAL DENTAL BOARD OF NOVA SCOTIA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2022

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	2022	2021
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	1,566,137	1,218,047
Accounts receivable (Note 3)	47,740	54,120
Current portion of settlement costs receivable	73,401	104,938
Prepays	25,934	23,654
Quality assurance inspections	<u>-</u>	<u>17,905</u>
	1,713,212	1,418,664
SETTLEMENT COSTS RECEIVABLE (Note 4)	-	57,060
INVESTMENTS (Note 5)	306,138	317,098
CAPITAL ASSETS (Note 6)	<u>14,102</u>	<u>17,627</u>
	<u>2,033,452</u>	<u>1,810,449</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 7)	56,551	39,642
Deferred revenue (Note 8)	<u>920,708</u>	<u>907,787</u>
	<u>977,259</u>	<u>947,429</u>
<b>NET ASSETS</b>		
Unrestricted net assets	827,663	734,490
Restricted net assets	<u>228,530</u>	<u>128,530</u>
	<u>1,056,193</u>	<u>863,020</u>
	<u>2,033,452</u>	<u>1,810,449</u>

COMMITMENT (Note 10)

Approved by the Board

 Director



**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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	2022	2021
	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenues over expenses	193,173	( 53,013)
Items not affecting cash		
Amortization	3,525	4,406
Realized gain on sale of investments	-	( 44,528)
Quality assurance inspections	17,905	47,813
Unrealized (gain) loss on investments	<u>22,993</u>	<u>( 12,743)</u>
	237,596	( 58,065)
Changes in non-cash working capital items		
Account receivable	6,380	13,408
Prepays	( 2,280)	22,590
Accounts payable and accrued liabilities	16,909	( 15,220)
Deferred revenue	<u>12,921</u>	<u>180,559</u>
	<u>271,526</u>	<u>143,272</u>
<b>INVESTING</b>		
Proceeds on disposal of investments	-	214,650
Acquisition of investments	( 12,033)	( 15,832)
Payment of settlement costs	-	( 134,793)
Repayments on settlement costs receivable	<u>88,597</u>	<u>41,072</u>
	<u>76,564</u>	<u>105,097</u>
<b>CHANGE IN CASH</b>	348,090	248,369
<b>CASH - beginning of year</b>	<u>1,218,047</u>	<u>969,678</u>
<b>CASH - end of year</b>	<u>1,566,137</u>	<u>1,218,047</u>

## **1. OPERATIONS**

The Provincial Dental Board of Nova Scotia (the "Board") is a incorporated not-for-profit organization. The Board is the regulatory body for the professions of dentistry and dental assisting. The *Dental Act* (1992) and regulations pursuant to the *Act* allows the self-regulation of these professions. The Board sets the requirements for registration and licensure of dentists and dental assistants, maintains Registers for dentists and dental assistants, addresses complaints through its discipline regulations, develops policy and standards for safe dental practice and undertakes quality assurance of licensees through mandatory continuing dental education and dental practice review.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

### Cash

Cash consists of bank balances held with a financial institution and cash balances held with an investment broker.

### Investments

Investments consist of mutual funds and fixed income investments which are recorded at fair value.

### Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and methods over their estimated useful lives as follows:

Office equipment	20%	Diminishing balance
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One half year's amortization is taken in the year of acquisition.

### Quality assurance inspections

Quality assurance inspections are related to the inspection of radiographic equipment used in dentistry practice. The inspections are recorded at cost and are amortized using the straight-line method over their useful life of 5 years.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fund accounting

#### *Unrestricted Net Assets*

The Provincial Dental Board of Nova Scotia is to maintain a level of unrestricted net assets that is not to exceed one year's operating expenses. When the unrestricted net asset balance exceeds this amount at the end of the fiscal year, additional amounts will be allocated to the restricted net assets.

#### *Restricted Net Assets*

The Provincial Dental Board of Nova Scotia is to acquire and maintain a level of restricted net assets to a minimum of one year's operating expenses. The restricted net assets shall be accumulated at a rate of between 10 and 20 percent of the budgeted operating expenses for the upcoming year. The restricted net assets will be made available to meet the financial demands of the Board due to unforeseen events including operating deficits relating to legislative or disciplinary activity, establishing new or expanded programs and facility upgrades.

### Revenue recognition

The Board recognizes revenue on an accrual basis as the related services are provided and collection is reasonably assured. Licensing fees received in advance of the membership year to which they related are recorded as deferred revenue. Investment income is recognized on an accrual basis as it is earned.

### Income taxes

The Board is a non-profit organization under section 149.1(1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

### Financial instruments

#### *Measurement of financial instruments*

The Board initially measures its financial assets and financial liabilities at fair value.

The Board subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Financial instruments (Continued)

Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, accounts receivable and settlement costs receivable.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

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

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for items and matters such as the useful life of assets, allowance for doubtful accounts and certain accrued liabilities. Actual results could differ from those estimates.

**3. ACCOUNTS RECEIVABLE**

	<b>2022</b>	2021
	\$	\$
Accounts receivable	47,740	65,263
Allowance for doubtful accounts	<u>-</u>	<u>( 11,143)</u>
	<u><b>47,740</b></u>	<u><b>54,120</b></u>

**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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<b>4. SETTLEMENT COSTS RECEIVABLE</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Settlement costs receivable	<b>73,401</b>	161,998
Less current portion	<u><b>73,401</b></u>	<u>104,938</u>
	<u><b>-</b></u>	<u>57,060</u>

The Board enters into settlement costs receivable agreements with dentists to cover the costs of courses mandated to be completed before the dentists can resume practice. The amounts receivable are unsecured, bear interest at 0% to 2.5% annually and have fixed monthly repayment terms.

<b>5. INVESTMENTS</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Canadian - fixed income funds	<b>109,900</b>	114,183
Canadian - mutual funds	<u><b>196,238</b></u>	<u>202,915</u>
	<u><b>306,138</b></u>	<u>317,098</u>

<b>6. CAPITAL ASSETS</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2022</b>	<b>Net 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Office equipment	<u>73,534</u>	<u>59,432</u>	<u><b>14,102</b></u>	<u>17,627</u>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade payables	<b>36,370</b>	22,342
Accrued liabilities	<b>17,317</b>	15,400
Government remittances	<u><b>2,864</b></u>	<u>1,900</u>
	<u><b>56,551</b></u>	<u>39,642</u>

<b>8. DEFERRED REVENUE</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance - beginning of year	907,787	727,228
Amounts recognized as revenue	( 907,787)	( 727,228)
Amounts received related to future periods	<u>920,708</u>	<u>907,787</u>
	<u>920,708</u>	<u>907,787</u>

**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**8. DEFERRED REVENUE (Continued)**

Deferred revenue is comprised of license fees as follows:

	<b>2022</b>	2021
	\$	\$
Dentists	760,950	751,768
Dental assistants	80,998	64,939
Corporation permit fees	<u>78,760</u>	<u>91,080</u>
	<u>920,708</u>	<u>907,787</u>

**9. FINANCIAL INSTRUMENTS**

*Risks and concentrations*

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposure and concentrations at December 31, 2022.

It is management's opinion that the Board is not exposed to significant currency or price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Board to concentrations of credit risk consist of cash, accounts receivable, settlement costs receivable and investments. The Board holds its cash and investments in reputable financial institutions and therefore believes the risk of loss to be remote. The Board is exposed to credit risk from customer accounts receivable and settlement costs receivable. The Board believes this credit risk is minimized as the balances for accounts receivables and settlement costs receivables are related to professionals and professional corporations which are required to practice. A provision for impairment of accounts receivable and settlement costs receivable is established when there is objective evidence that the Board will not be able to collect all amounts due.

## **9. FINANCIAL INSTRUMENTS (Continued)**

### *Liquidity risk*

Liquidity risk is the risk that the Board will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Board has sufficient working capital to fund operations and fulfill obligations as they become due.

### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is mainly exposed to interest rate risk.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Board is exposed to interest rate risk on its fixed rate financial instruments. Fixed rate instruments subject the Board to a fair value risk. There was no significant change in exposure from the prior year and it is management's opinion that the risk is low.

## **10. COMMITMENT**

The Board leases a premise with terms ending June 30, 2024. The annual rent consists of minimum rent, other operating costs and common area costs. The minimum lease payments for each of the next two years are as follows:

	\$
2023	47,839
2024	23,919

**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA**  
**SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**UNAUDITED**

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<b>FUNCTIONAL COMMITTEE EXPENSES</b>	<b>2022</b>	<b>2021</b>
	\$	\$
Botox Committee	300	1,400
Complaints Committee	36,051	13,938
Continuing Education Committee	1,379	200
Dental Practice Review Committee	1,552	1,531
Discipline Committee	700	15,800
EDIA Committee	605	-
Finance Committee	533	-
Registration Appeal Committee	<u>2,400</u>	<u>800</u>
	<u>43,520</u>	<u>33,669</u>
 <b>REGISTRAR EXPENSES</b>	 <b>2022</b>	 <b>2021</b>
	\$	\$
Annual dues	4,184	3,943
Meetings	4,571	4,251
Salary and benefits:		
Salary	179,012	188,493
Employer expenses - CPP and EI	4,834	8,904
Health, life and disability	5,000	1,571
RRSP employer contribution	<u>10,618</u>	<u>20,648</u>
	<u>208,219</u>	<u>227,810</u>
 <b>STAFF EXPENSES</b>	 <b>2022</b>	 <b>2021</b>
	\$	\$
Meetings	1,018	6,301
Professional development	1,137	968
Salary and benefits		
Salary	105,191	107,117
Employer expenses - CPP and EI	7,793	7,484
Health, life and disability	5,515	3,191
RRSP employer contribution	<u>4,463</u>	<u>9,682</u>
	<u>125,117</u>	<u>134,743</u>



**PROVINCIAL DENTAL BOARD OF NOVA SCOTIA**  
**SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**UNAUDITED**

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**STANDING COMMITTEES AND BOARD OF DIRECTORS EXPENSES**

	<b>2022</b>	2021
	<b>\$</b>	<b>\$</b>
Board expenses	<b>106,950</b>	70,425
Human Resource Committee	<b>3,500</b>	5,294
Legislative Amendment	<u><b>1,357</b></u>	<u>1,750</u>
	<u><b>111,807</b></u>	<u>77,469</u>