



Financial Statements

Provincial Dental Board of Nova Scotia

December 31, 2016

Contents

	Page
Independent auditor's report	1
Statement of operations	2
Statement of changes in net assets	3
Balance sheet	4
Statement of cash flows	5
Notes to the financial statements	6-10
Schedule of specific expenses	11-13

Independent auditor's report

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To the Members of the
Provincial Dental Board of Nova Scotia

We have audited the accompanying financial statements of the Provincial Dental Board of Nova Scotia, which comprise the balance sheet as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Provincial Dental Board of Nova Scotia as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Halifax, Canada
May 26, 2017

Chartered Professional Accountants
Licensed Public Accountants

Provincial Dental Board of Nova Scotia

Statement of operations

Year ended December 31

2016

2015

Revenue

License fees		
Dentists	\$ 616,523	\$ 582,721
Dental assistants	177,394	172,373
Corporation permit fees	70,470	80,092
Reinstatement fees	5,696	11,544
Realized (loss) gain on sale of investments	(385)	926
Unrealized gain (loss) on investments	6,977	(5,446)
Investment income (Note 8)	20,967	18,022
	<u>897,642</u>	<u>860,232</u>

Expenses

Administration fees	8,050	8,050
Audit and accounting	40,638	40,001
Bank and credit card fees	18,197	15,207
Consulting fees	9,303	42,381
Depreciation	1,355	4,308
Equipment usage	121	852
Functional committees (Page 11)	32,113	38,974
Grants	26,943	16,042
Insurance	17,868	17,500
Investment fees	5,732	5,404
Legal	65,035	60,502
Office and administration	10,089	11,884
Office supplies and printing	9,187	7,368
Postage	4,993	7,700
Registrar (Page 12)	200,750	184,334
Rent	62,407	59,429
Repairs and maintenance	8,024	2,082
Software and website	4,273	11,115
Staff expenses	64,961	54,101
Standing Committees and Board of Directors (Pages 13)	91,102	69,771
Telephone and internet	6,410	6,144
	<u>687,551</u>	<u>663,149</u>

Net earnings	\$ 210,091	\$ 197,083
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Provincial Dental Board of Nova Scotia

Statement of changes in net assets

Year ended December 31

2016

2015

	Unrestricted Net Assets	Restricted Operating Net Assets	Total	Total
Net assets, beginning of year	\$ 560,635	\$ 151,310	\$ 711,945	\$ 514,862
Net earnings	210,091	-	210,091	197,083
Transfer to establish net asset balances for the upcoming year (Note 2)	(176,000)	176,000	-	-
Net assets, end of year	\$ 594,726	\$ 327,310	\$ 922,036	\$ 711,945

Provincial Dental Board of Nova Scotia

Balance sheet

December 31

2016

2015

Assets

Current

Cash and cash equivalents	\$ 1,009,524	\$ 782,428
Receivables	16,988	32,696
Prepays	<u>27,086</u>	<u>11,805</u>
	1,053,598	826,929

Capital assets (Note 4)

Long term investments (Note 5)

	5,422	6,778
	<u>586,739</u>	<u>574,242</u>
	\$ 1,645,759	\$ 1,407,949

Liabilities

Current

Payables and accruals (Note 6)	\$ 40,441	\$ 40,282
Deferred revenue		
Dentists	560,787	537,546
Dental assistants	56,831	55,968
Corporation permit fees	<u>65,664</u>	<u>62,208</u>
	723,723	696,004

Net assets

Unrestricted net assets	594,726	560,635
Restricted net assets	<u>327,310</u>	<u>151,310</u>
	922,036	711,945
	\$ 1,645,759	\$ 1,407,949

On behalf of the Board



Director



Director

Provincial Dental Board of Nova Scotia

Statement of cash flows

Year ended December 31

2016

2015

Increase (decrease) in cash and cash equivalents

Operating

Net earnings	\$	210,091	\$	197,083
Realized loss (gain) on sale of investments		385		(926)
Unrealized (gain) loss on investments		(6,977)		5,446
Depreciation		<u>1,355</u>		<u>4,308</u>
		204,854		205,911
Change in non-cash operating working capital (Note 7)		<u>28,146</u>		<u>4,060</u>

233,000 209,971

Investing

Purchase of investments		(108,904)		(314,538)
Proceeds on sale of investments		<u>103,000</u>		<u>107,344</u>
		(5,904)		<u>(207,194)</u>

Net increase in cash and cash equivalents **227,096** 2,777

Cash and cash equivalents

Beginning of year 782,428 779,651

End of year \$ 1,009,524 \$ 782,428

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2016

1. Nature of operations

The Provincial Dental Board of Nova Scotia (the "Board") licenses and regulates all dentists and dental assistants in the Province of Nova Scotia.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant accounting policies are detailed as follows:

Revenue

Revenue is recognized on an accrual basis as the related services are provided and collection is reasonably assured. Investment income is recognized on an accrual basis as it is earned.

Deferred revenue

All fees collected or receivable as at year end, which relate to periods after year end, are recorded as deferred revenue.

Fund accounting

The accounts of the Board are maintained in accordance with the principles of fund accounting in order that limitations and restrictions, if any, placed on the use of available resources may be observed.

Unrestricted Net Assets

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

Restricted Net Assets

The Provincial Dental Board 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits.

Long term investments

Investments are carried at quoted market value with changes in market value recognized as unrealized gains or losses in the period in which they arise. Realized gains or losses on sales of investments are recognized in the year of disposal.

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2016

2. Summary of significant accounting policies (continued)

Depreciation

Rates and basis of depreciation applied to write off the cost of capital assets over their estimated useful lives are as follows:

Office equipment	20%	declining balance
Leasehold improvements	5 year	straight line
Computer hardware and software	100%	declining balance
Website	5 year	straight line

One half year of depreciation is recorded in the year of acquisition.

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Significant estimates include the useful lives of capital assets. Actual results could differ from those reported.

Income tax status

The Provincial Dental Board of Nova Scotia is a non-profit association, which is exempt from income taxes under Section 149(1) of the *Canadian Income Tax Act*.

Financial instruments

The Board considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Board accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- long term investments
- payables and accruals
- deferred revenue

A financial asset or liability is recognized when the Board becomes party to contractual provisions of the instrument.

Measurement

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

Financial assets and financial liabilities are subsequently measured at amortized cost, except for long term investments, which are measured at fair value.

The Board removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2016

2. Summary of significant accounting policies (continued)

Risk Management

Market risk

The Provincial Dental Board of Nova Scotia is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposures and concentrations at December 31, 2016.

Market risk is the risk that the fair value or expected 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 Provincial Dental Board of Nova Scotia is mainly exposed to 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.

Currency risk for the Board comes from holding foreign securities as part of the investments held with Scotia McLeod. Changes in the exchange rate will play a role in the value of the underlying assets of the investment; however, such changes would not be expected to have a significant impact on on-going operations. The Board does not generally engage in any foreign operations. There was no significant change in exposure from the prior year and it is management's opinion that the risk is low.

3. Services provided by the Nova Scotia Dental Association

The Board is charged for shared expenses by the Nova Scotia Dental Association ("NSDA") for certain rent, staff expenses, office expenses, equipment rental, insurance, dues and administration fees. These transactions have been recorded at the exchange amount, which is the amount agreed to by the parties. Included in payables at December 31, 2016 is \$8,655 owed to the NSDA relating to services provided in 2016 (2015 - \$9,479).

A premises contract has been developed between the Board and NSDA outlining all rental agreements and expenses to be paid. NSDA leases one suite, which the Board occupies, and this expense will expire June 30, 2017. The minimum future base rent payment to the landlord is \$31,368 for the period July 1, 2016 to June 30, 2017. The Board pays its proportionate share of the base rent (45%) and in addition to the base rent the Board pays its proportional share of the common area cost on an annual basis (50%). The remainder of the rent is paid by NSDA.

The Board has committed to paying \$3,500 plus HST to the June 30, 2017 expiry of the rental agreement as an administration fee for business support activities and other charges based on estimated and actual usage as invoiced monthly.

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2016

3. Services provided by the Nova Scotia Dental Association (continued)

The business support activities paid and expensed in the related categories in the statement of operations are as follows:

	<u>2016</u>	<u>2015</u>
Expenses		
Accounting	\$ 21,889	\$ 21,481
Administration fees	6,705	8,050
Equipment usage	123	852
Insurance	368	749
Miscellaneous	335	524
Office and administration	12,247	11,316
Office supplies and printing	3,009	1,456
Parking	328	656
Registrar NSDA member dues	2,712	2,712
Rent	62,408	59,429
Telephone and internet	<u>1,189</u>	<u>1,464</u>
	<u>\$ 111,313</u>	<u>\$ 108,689</u>

4. Capital assets

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2016 Net book value</u>	<u>2015 Net book value</u>
Office equipment	\$ 29,647	\$ 25,230	\$ 4,417	\$ 5,521
Leasehold improvements	5,482	4,477	1,005	1,257
Computer hardware and software	38,344	38,344	-	-
Website	<u>13,349</u>	<u>13,349</u>	<u>-</u>	<u>-</u>
	<u>\$ 86,822</u>	<u>\$ 81,400</u>	<u>\$ 5,422</u>	<u>\$ 6,778</u>

5. Long term investments

The long term investments held by the Board are comprised of the following:

	<u>2016</u>	<u>2015</u>
Canadian - fixed income (cost - \$131,065; 2015 - \$88,909)	\$ 132,804	\$ 93,712
Canadian - mutual fund (cost - \$392,315; 2015 - \$420,816)	388,435	417,843
United States - fixed income (cost - \$61,812; 2015 - 58,132)	<u>65,500</u>	<u>62,687</u>
	<u>\$ 586,739</u>	<u>\$ 574,242</u>

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2016

6. Payables and accruals

	<u>2016</u>	<u>2015</u>
Trade	\$ 34,008	\$ 34,421
Government remittances	<u>6,433</u>	<u>5,861</u>
	<u>\$ 40,441</u>	<u>\$ 40,282</u>

7. Supplemental cash flow information

	<u>2016</u>	<u>2015</u>
Change in non-cash operating working capital		
Receivables	\$ 15,708	\$ (18,408)
Payables and accruals	159	5,978
Deferred revenue	27,560	16,490
Prepaid expenses	<u>(15,281)</u>	<u>-</u>
	<u>\$ 28,146</u>	<u>\$ 4,060</u>

8. Investment income

	<u>2016</u>	<u>2015</u>
Dividends	\$ 18,557	\$ 12,745
Interest	2,410	2,386
Other	<u>-</u>	<u>2,891</u>
	<u>\$ 20,967</u>	<u>\$ 18,022</u>

9. Commitments

The Board has entered into agreements to lease new premises beginning July 1, 2017. The annual rent of premises consists of a minimum rent plus operating costs and certain other expenses. Minimum lease payments for the next five years are as follows.

2017	\$ 37,782
2018	75,563
2019	75,563
2020	75,563
2021	75,563

Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2016

2015

Functional Committees

Complaints Committee

Accommodations	\$ -	\$ 373
Meals	1,541	1,412
Meetings	18	503
Miscellaneous	187	2,561
Per diems and honorariums	16,163	27,885
Travel	1,080	1,590
	<u>18,989</u>	<u>34,324</u>

Continuing Education Committee

Accommodations	-	-
Meal	-	92
Meetings	-	-
Per diems and honorariums	1,270	1,270
Travel	360	358
	<u>1,630</u>	<u>1,720</u>

Dental Practice Review Committee

Accommodations	-	-
Meals	12	-
Miscellaneous	1,788	920
Per diems and honorariums	1,164	-
Travel	1,455	-
X-ray inspections	7,075	-
	<u>11,494</u>	<u>920</u>

Registration Appeal Committee

Accommodations	-	185
Meals	-	110
Miscellaneous	-	10
Per diems and honorariums	-	776
Travel	-	929
	<u>-</u>	<u>2,010</u>

Total Functional Committees

\$ <u>32,113</u>	\$ <u>38,974</u>
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Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2016

2015

Registrar

Registrar

Accommodations	\$	5,453	\$	3,127
Annual dues		3,824		3,792
Meals		2,310		1,324
Salary and benefits:				
Salary		145,188		138,275
Employer expenses		9,212		8,968
Health, life & disability		15,939		10,696
RRSP employer contribution		8,711		10,174
Professional development		471		1,169
Travel		<u>9,642</u>		<u>6,809</u>
		<u>200,750</u>		<u>184,334</u>

Total Registrar

\$ 200,750

\$ 184,334

Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2016

2015

Standing Committees and Board of Directors

Board expenses

Accommodations	\$ 6,129	\$ 5,958
Chair's annual honorarium	10,000	10,000
Meals	1,304	2,830
Meetings	54	777
Miscellaneous	1,852	476
Per diems and honorariums	35,330	34,960
Travel	<u>14,549</u>	<u>12,193</u>
	<u>69,218</u>	<u>67,194</u>

Human Resource Committee

Accommodations	135	291
Meals	225	720
Meetings	-	526
Per diems and honorariums	391	388
Travel	<u>519</u>	<u>652</u>
	<u>1,270</u>	<u>2,577</u>

Strategic Planning Committee

Accommodations	1,629	-
Meals	360	-
Meetings	7,685	-
Per diems and honorariums	3,624	-
Travel	<u>1,538</u>	<u>-</u>
	<u>14,836</u>	<u>-</u>

Sedation Committee

Meals	<u>170</u>	<u>-</u>
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Governance Committee

Accommodations	-	-
Meals	271	-
Miscellaneous	65	-
Per diems and honorariums	3,653	-
Travel	<u>1,220</u>	<u>-</u>
	<u>5,209</u>	<u>-</u>

Botox Committee

Meetings	<u>17</u>	<u>-</u>
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Finance and Audit Committee

Meals	<u>41</u>	<u>-</u>
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Record Keeping Committee

Meals	<u>341</u>	<u>-</u>
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Total Standing Committees and Board of Directors	\$ <u>91,102</u>	\$ <u>69,771</u>
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