



Financial Statements

Provincial Dental Board of Nova Scotia

December 31, 2012

# Contents

|  | <b>Page</b> |
|--|-------------|
| Independent auditor's report                       | 1           |
| Statements of operations and changes in net assets | 2           |
| Balance sheets                                     | 3           |
| Statements of cash flows                           | 4           |
| Notes to the financial statements                  | 5-9         |
| Schedules of specific expenses                     | 10-11       |

## Independent auditor's report

Grant Thornton LLP  
Suite 1100  
2000 Barrington Street  
Halifax, NS  
B3J 3K1  
T (902) 421-1734  
F (902) 420-1068  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying financial statements of Provincial Dental Board of Nova Scotia, which comprise the balance sheets as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 audits 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 Provincial Dental Board of Nova Scotia as at December 31, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

*Grant Thornton LLP*

Chartered Accountants

Halifax, Canada  
May 31, 2013

# Provincial Dental Board of Nova Scotia

## Statements of operations and changes in net assets

| Years ended December 31                                 | 2012                | 2011               |
|---|---------------------|--------------------|
| Revenue   |                     |                    |
| License fees  |                     |                    |
| Dentists  | \$ 194,401          | \$ 219,265         |
| Dental assistants                                       | 59,213              | 73,564             |
| Corporation permit fees                                 | 63,150              | 59,100             |
| Reinstatement fees                                      | 1,172               | 7,556              |
| Realized gain on sale of investments                    | 13,798              | 23,912             |
| Unrealized loss on investments                          | (4,018)             | (46,928)           |
| Investment income                                       | 13,942              | 23,890             |
|   | <u>341,658</u>      | <u>360,359</u>     |
| Expenses  |                     |                    |
| Administration fees                                     | 8,050               | 9,104              |
| Audit and accounting                                    | 32,913              | 32,044             |
| Bank and credit card fees                               | 6,068               | 5,735              |
| Bad debt expense  | 2,963               | -                  |
| Consulting fees   | 24,257              | -                  |
| Depreciation  | 4,680               | 5,582              |
| Deputy registrar (page 11)                              | 13,660              | -                  |
| Dues and subscriptions                                  | 4,081               | 185                |
| Equipment usage   | 420                 | 559                |
| Functional committees (pages 10-11)                     | 16,256              | 5,183              |
| Grants  | 20,751              | 21,901             |
| Insurance   | 15,500              | 15,954             |
| Investment fees   | 9,634               | 13,618             |
| Legal   | 29,277              | 23,485             |
| Miscellaneous   | 4,390               | 2,299              |
| Office and administration                               | 11,231              | 9,617              |
| Office supplies and printing                            | 11,223              | 6,747              |
| Postage   | 6,474               | 4,161              |
| Registrar (page 11)                                     | 129,656             | 126,136            |
| Repairs and maintenance                                 | 103                 | -                  |
| Rent  | 56,477              | 50,813             |
| Staff expenses  | 52,603              | 51,332             |
| Standing committees and Board<br>of Directors (page 10) | 60,876              | 36,056             |
| Telephone and internet                                  | 4,385               | 4,404              |
|   | <u>525,928</u>      | <u>424,915</u>     |
| Net loss  | \$ <u>(184,270)</u> | \$ <u>(64,556)</u> |
| <hr/>   |                     |                    |
| Unrestricted net assets, beginning of year              | \$ 737,193          | \$ 801,749         |
| Net loss  | <u>(184,270)</u>    | <u>(64,556)</u>    |
| Unrestricted net assets, end of year                    | \$ <u>552,923</u>   | \$ <u>737,193</u>  |

See accompanying notes to the financial statements.

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**Provincial Dental Board of Nova Scotia****Balance sheets**

|  | December 31,<br>2012 | December 31,<br>2011 | January 1,<br>2011  |
|--|----------------------|----------------------|---------------------|
| <b>Assets</b>                          |                      |                      |                     |
| Current                                |                      |                      |                     |
| Cash and cash equivalents              | \$ 185,396           | \$ 176,037           | \$ 220,178          |
| Receivables                            | 14,482               | 14,101               | 17,405              |
| Prepays                                | <u>11,805</u>        | <u>11,805</u>        | <u>11,425</u>       |
|  | 211,683              | 201,943              | 249,008             |
| Capital assets (note 6)                | 13,289               | 17,682               | 19,877              |
| Long term investments, at market value | <u>645,532</u>       | <u>784,843</u>       | <u>855,298</u>      |
|  | <u>\$ 870,504</u>    | <u>\$ 1,004,468</u>  | <u>\$ 1,124,183</u> |
| <b>Liabilities</b>                     |                      |                      |                     |
| Current                                |                      |                      |                     |
| Payables and accruals (note 7)         | \$ 44,263            | \$ 25,773            | \$ 45,942           |
| Deferred revenue                       |                      |                      |                     |
| Dentists                               | 195,937              | 162,981              | 191,869             |
| Dental assistants                      | 17,681               | 20,621               | 29,573              |
| Corporation permit fees                | <u>59,700</u>        | <u>57,900</u>        | <u>55,050</u>       |
|  | <u>317,581</u>       | <u>267,275</u>       | <u>322,434</u>      |
| <b>Net assets</b>                      |                      |                      |                     |
| Unrestricted net assets                | <u>552,923</u>       | <u>737,193</u>       | <u>801,749</u>      |
|  | <u>\$ 870,504</u>    | <u>\$ 1,004,468</u>  | <u>\$ 1,124,183</u> |

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On behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to the financial statements.

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**Provincial Dental Board of Nova Scotia**  
**Statements of cash flows**

Years ended December 31 2012 2011

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(Decrease) in cash and cash equivalents

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Operating</b>                                      |                   |                   |
| Net loss  | \$ (184,270)      | \$ (64,556)       |
| Realized gain on sale of investments                  | (13,798)          | (23,912)          |
| Unrealized loss on investments                        | 4,018             | 46,928            |
| Depreciation  | <u>4,680</u>      | <u>5,582</u>      |
|   | (189,370)         | (35,958)          |
| Change in non-cash operating working capital (note 8) | <u>49,925</u>     | <u>(52,235)</u>   |
|   | <u>(139,445)</u>  | <u>(88,193)</u>   |
| <b>Investing</b>                                      |                   |                   |
| Purchase of investments                               | (893,983)         | (434,008)         |
| Proceeds on sale of investments                       | 1,043,073         | 481,446           |
| Purchase of capital assets                            | <u>(286)</u>      | <u>(3,386)</u>    |
|   | <u>148,804</u>    | <u>44,052</u>     |
| Net increase (decrease) in cash and cash equivalents  | 9,359             | (44,141)          |
| <b>Cash and cash equivalents</b>                      |                   |                   |
| Beginning of years                                    | <u>176,037</u>    | <u>220,178</u>    |
| End of years  | <u>\$ 185,396</u> | <u>\$ 176,037</u> |

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See accompanying notes to the financial statements.

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# Provincial Dental Board of Nova Scotia

## Notes to the financial statements

December 31, 2012, December 31, 2011 and January 1, 2011

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### 1. Nature of operations

The Board licenses and regulates all dentists and dental assistants in the Province of Nova Scotia.

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### 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.

#### Deferred revenue

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

#### 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.

#### Depreciation

The cost of capital assets is being depreciated using the methods and rates as follows:

|                                |        |                   |
|--------------------------------|--------|-------------------|
| Computer software and hardware | 100%   | declining balance |
| Office equipment               | 20%    | declining balance |
| Leasehold improvements         | 5 year | straight line     |
| 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. Actual results could differ from those reported.

#### Financial instruments

The Board's financial instruments consist of cash and short term deposits, receivables, long term investments, and payables and accruals. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying value, unless otherwise noted.

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# Provincial Dental Board of Nova Scotia

## Notes to the financial statements

December 31, 2012, December 31, 2011 and January 1, 2011

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

In accordance with Section 3856, the Board has classified all financial assets and liabilities as held for trading, receivables or liabilities. Financial assets classified as held for trading are measured at fair value with changes in fair value recognized in net income in the period in which they arise. Investments held by the Board are subject to market risk as detailed in note 5 to the financial statements.

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### 3. First-time adoption

These financial statements are the Board's first financial statements prepared using ASNPO. The date of transition to ASNPO is January 1, 2011. The accounting policies presented in note 2 to the financial statements were used to prepare the financial statements for the year ended December 31, 2012, the comparative information and the opening statement of balance sheet as at the date of transition.

#### Impact of transition on net assets as at January 1, 2011

The impact of the transition to the new accounting standards on the Board's net assets at January 1, 2011, the date of transition, is nil.

#### Reconciliation of excess of expenditures over revenue as at December 31, 2011

The excess of expenditures over revenues as at December 31, 2011 determined using the new accounting standards is equivalent to that determined using the previous accounting standards (pre-changeover accounting standards).

#### Statement of cash flows

Accounting standards regarding cash flows included in the new accounting standards are similar to those included in the previous accounting standards. The Board has not made any adjustment to the statement of cash flows.

#### Exceptions relating to first-time adoption

Section 1501 *First-time adoption by not-for-profit organizations*, contains exemptions to full retrospective application which the Board may use upon transition. The Board did not apply any optional exemptions.

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### 4. 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, 2012 is \$17,195 owed to the NSDA relating to services provided in 2012 (2011 - \$8,357; January 1, 2011 - \$15,470).

A premises contract has been developed between the Board and NSDA outlining all rental agreements and expenses to be paid. The suites that the NSDA leases, which the Board occupies, will expire June 30, 2017. The Board has committed to paying \$7,000 per year plus HST 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

December 31, 2012, December 31, 2011 and January 1, 2011

### 4. 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>2012</u>       | <u>2011</u>       |
|--|-------------------|-------------------|
| Expenses                                 |                   |                   |
| Administration fees                      | \$ 8,050          | \$ 9,104          |
| Accounting                               | 20,289            | 18,994            |
| Dues and subscriptions                   | 719               | -                 |
| Equipment usage                          | 420               | 559               |
| Insurance                                | -                 | 835               |
| Interest and service charges             | -                 | (51)              |
| Miscellaneous                            | 94                | 93                |
| Office supplies and printing             | 3,673             | 3,840             |
| Office and administration                | 9,336             | 8,147             |
| Rent                                     | 56,477            | 50,813            |
| Registrar meetings and travel            | -                 | 1,344             |
| Telephone and internet                   | <u>1,059</u>      | <u>1,103</u>      |
|  | <u>100,117</u>    | <u>94,781</u>     |
| Capital assets purchased and capitalized | <u>-</u>          | <u>12,630</u>     |
|  | <u>\$ 100,117</u> | <u>\$ 107,411</u> |

### 5. Long term investments

The long term investments held by the Board are comprised primarily of fixed income and equity mutual funds at the following amounts:

|                            | <u>Fixed<br/>income</u> | <u>Equity<br/>funds</u> | <u>Other<br/>mutual funds</u> | <u>Total</u>      |
|----------------------------|-------------------------|-------------------------|-------------------------------|-------------------|
| <b>December 31, 2012</b>   |                         |                         |                               |                   |
| Market value               | \$ 354,257              | \$ 188,180              | \$ 103,095                    | \$ 645,532        |
| Book value                 | \$ 353,173              | \$ 184,867              | \$ 115,785                    | <u>\$ 653,825</u> |
| Mark to market (loss) gain |                         |                         |                               | <u>\$ (8,293)</u> |
| <b>December 31, 2011</b>   |                         |                         |                               |                   |
| Market value               | \$ 463,457              | \$ 232,068              | \$ 89,318                     | \$ 784,843        |
| Book value                 | \$ 451,277              | \$ 242,054              | \$ 95,787                     | <u>\$ 789,118</u> |
| Mark to market (loss) gain |                         |                         |                               | <u>\$ (4,275)</u> |
| <b>January 1, 2011</b>     |                         |                         |                               |                   |
| Market value <sup>1</sup>  | \$ 380,776              | \$ 390,189              | \$ 84,333                     | \$ 855,298        |
| Book value                 | \$ 366,992              | \$ 362,366              | \$ 83,287                     | <u>\$ 812,645</u> |
| Mark to market gain (loss) |                         |                         |                               | <u>\$ 42,653</u>  |

The unrealized loss of \$4,018 (2011 - \$46,928) is the difference between the current and prior year mark to market adjustments.

# Provincial Dental Board of Nova Scotia

## Notes to the financial statements

December 31, 2012, December 31, 2011 and January 1, 2011

### 6. Capital assets

|                                | December 31, 2012 |                                 |                       |
|--------------------------------|-------------------|---------------------------------|-----------------------|
|                                | <u>Cost</u>       | <u>Accumulated depreciation</u> | <u>Net book value</u> |
| Office equipment               | \$ 29,646         | \$ 18,864                       | \$ 10,782             |
| Leasehold improvements         | 5,482             | 3,027                           | 2,455                 |
| Computer hardware and software | 28,069            | 28,017                          | 52                    |
| Website                        | <u>13,349</u>     | <u>13,349</u>                   | -                     |
|                                | <u>\$ 76,546</u>  | <u>\$ 63,257</u>                | <u>\$ 13,289</u>      |

|                                | December 31, 2011 |                                 |                       |
|--------------------------------|-------------------|---------------------------------|-----------------------|
|                                | <u>Cost</u>       | <u>Accumulated depreciation</u> | <u>Net book value</u> |
| Office equipment               | \$ 29,462         | \$ 16,191                       | \$ 13,271             |
| Leasehold improvements         | 5,482             | 1,931                           | 3,551                 |
| Computer hardware and software | 27,966            | 27,106                          | 860                   |
| Website                        | <u>13,349</u>     | <u>13,349</u>                   | -                     |
|                                | <u>\$ 76,259</u>  | <u>\$ 58,577</u>                | <u>\$ 17,682</u>      |

|                                | January 1, 2011  |                                 |                       |
|--------------------------------|------------------|---------------------------------|-----------------------|
|                                | <u>Cost</u>      | <u>Accumulated depreciation</u> | <u>Net book value</u> |
| Office equipment               | \$ 28,511        | \$ 12,993                       | \$ 15,518             |
| Leasehold improvements         | 4,767            | 477                             | 4,290                 |
| Computer hardware and software | 26,246           | 26,177                          | 69                    |
| Website                        | <u>13,349</u>    | <u>13,349</u>                   | -                     |
|                                | <u>\$ 72,873</u> | <u>\$ 52,996</u>                | <u>\$ 19,877</u>      |

| 7. Payables and accruals | December 31, 2012 | December 31, 2011 | January 1, 2011  |
|--------------------------|-------------------|-------------------|------------------|
| Trade                    | \$ 38,594         | \$ 20,663         | \$ 41,940        |
| Government remittances   | <u>5,669</u>      | <u>5,110</u>      | <u>4,002</u>     |
|                          | <u>\$ 44,263</u>  | <u>\$ 25,773</u>  | <u>\$ 45,942</u> |

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# Provincial Dental Board of Nova Scotia

## Notes to the financial statements

December 31, 2012, December 31, 2011 and January 1, 2011

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| <b>8. Supplemental cash flow information</b> | <b><u>2012</u></b>      | <b><u>2011</u></b>        |
|--|-------------------------|---------------------------|
| Change in non-cash operating working capital |                         |                           |
| Receivables                                  | \$ (381)                | \$ 3,304                  |
| Prepays                                      | -                       | (380)                     |
| Payables and accruals                        | 18,490                  | (20,169)                  |
| Deferred revenue                             | <u>31,816</u>           | <u>(34,990)</u>           |
|  | <b><u>\$ 49,925</u></b> | <b><u>\$ (52,235)</u></b> |

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### 9. Comparative figures

The financial statements have been reclassified to conform with the financial statement presentation adopted for the current year.

# Provincial Dental Board of Nova Scotia

## Schedules of specific expenses

Years ended December 31

2012

2011

### Standing committees and Board of Directors

|   |                  |                  |
|---|------------------|------------------|
| Board expenses  |                  |                  |
| Accommodations  | \$ 5,508         | \$ 3,595         |
| Chair's honorarium                                      | 10,000           | 7,500            |
| Meals   | 1,186            | 895              |
| Meetings  | 1,220            | 462              |
| Miscellaneous   | 1,546            | 2,593            |
| Per diems and honorariums                               | 26,209           | 13,861           |
| Travel  | 10,419           | 6,043            |
|   | <u>\$ 56,088</u> | <u>\$ 34,949</u> |
| Finance and audit committee                             |                  |                  |
| Travel  | \$ -             | \$ 126           |
| Governance committee                                    | \$ -             | \$ -             |
| Human resource committee                                |                  |                  |
| Accommodations  | \$ 317           | \$ 163           |
| Meals   | 268              | 120              |
| Meetings  | 142              | 40               |
| Per diems and honorariums                               | 2,959            | 249              |
| Travel  | 1,102            | 409              |
|   | <u>\$ 4,788</u>  | <u>\$ 981</u>    |
| <b>Total standing committees and Board of Directors</b> | <u>\$ 60,876</u> | <u>\$ 36,056</u> |

### Functional committees

|                                |                  |                 |
|--------------------------------|------------------|-----------------|
| Complaints committee           |                  |                 |
| Meals                          | \$ 160           | \$ -            |
| Meetings                       | 334              | 60              |
| Per diems and honorariums      | 8,576            | 2,998           |
| Travel                         | 1,014            | 302             |
|                                | <u>\$ 10,084</u> | <u>\$ 3,360</u> |
| Continuing education committee |                  |                 |
| Accommodations                 | \$ 165           | \$ -            |
| Meetings                       | 57               | 62              |
| Per diems and honorariums      | 388              | 312             |
| Travel                         | 134              | 115             |
|                                | <u>\$ 744</u>    | <u>\$ 489</u>   |

## Provincial Dental Board of Nova Scotia

### Schedules of specific expenses

Years ended December 31

2012

2011

#### Functional committees (continued)

|                                    |                  |                 |
|------------------------------------|------------------|-----------------|
| Dental Practice review committee   |                  |                 |
| Accommodations                     | \$ 310           | \$ -            |
| Meals                              | 273              | -               |
| Miscellaneous                      | 80               | 80              |
| Per diems and honorariums          | -                | -               |
| Travel                             | <u>1,713</u>     | <u>-</u>        |
|                                    | <u>\$ 2,376</u>  | <u>\$ 80</u>    |
|                                    |                  |                 |
| Discipline committee               |                  |                 |
| Accommodations                     | \$ -             | \$ 1,249        |
| Meetings                           | 4                | 5               |
| Miscellaneous                      | 52               | -               |
| Per diems and honorariums          | <u>2,996</u>     | <u>-</u>        |
|                                    | <u>\$ 3,052</u>  | <u>\$ 1,254</u> |
|                                    |                  |                 |
| <b>Total functional committees</b> | <u>\$ 16,256</u> | <u>\$ 5,183</u> |

#### Registrar and Deputy Registrar

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Registrar                 |                   |                   |
| Accommodations            | \$ 2,546          | \$ 570            |
| Meals                     | 138               | 394               |
| Salary and benefits       | 122,988           | 122,323           |
| Travel                    | <u>3,984</u>      | <u>2,849</u>      |
|                           | <u>\$ 129,656</u> | <u>\$ 126,136</u> |
|                           |                   |                   |
| Deputy Registrar          |                   |                   |
| Accommodations            | \$ 653            | \$ -              |
| Meals                     | 167               | -                 |
| Miscellaneous             | 5                 | -                 |
| Per diems and honorariums | 9,586             | -                 |
| Travel                    | <u>3,249</u>      | <u>-</u>          |
|                           | <u>\$ 13,660</u>  | <u>-</u>          |