



Financial Statements

Provincial Dental Board of Nova Scotia

December 31, 2017

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Independent auditor's report

To the Members of the
Provincial Dental Board of Nova Scotia

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We have audited the accompanying financial statements of the Provincial Dental Board of Nova Scotia, which comprise the balance sheet as at December 31, 2017 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, 2017 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 25, 2018

Chartered Professional Accountants
Licensed Public Accountants

Provincial Dental Board of Nova Scotia

Statement of operations

Year ended December 31

2017

2016

Revenue

License fees

| | | |
|---|----------------|----------------|
| Dentists | \$ 643,106 | \$ 616,523 |
| Dental assistants | 183,909 | 177,394 |
| Corporation permit fees | 68,201 | 70,470 |
| Disciplinary cost recovery | 53,127 | - |
| Reinstatement fees | 6,771 | 5,696 |
| Realized gain (loss) on sale of investments | 3,427 | (385) |
| Unrealized gain on investments | 981 | 6,977 |
| Investment income (Note 9) | 15,384 | 20,967 |
| | <u>974,906</u> | <u>897,642</u> |

Expenses

| | | |
|---|----------------|----------------|
| Administration fees | 4,037 | 8,050 |
| Amortization | 6,278 | 1,355 |
| Accounting | 15,238 | 26,487 |
| Audit and advisory | 17,791 | 14,151 |
| Bank and credit card fees | 18,381 | 18,197 |
| Consulting fees | 11,807 | 9,303 |
| Donations | 1,012 | - |
| Functional committees (Page 11) | 23,228 | 32,113 |
| Grants | 31,222 | 26,943 |
| Insurance | 16,897 | 17,868 |
| Investment fees | 5,195 | 5,732 |
| Legal | 107,718 | 65,035 |
| Office and administration | 9,756 | 10,210 |
| Office supplies and printing | 15,974 | 9,187 |
| Postage | 6,839 | 4,993 |
| Quality assurance inspections | 38,449 | - |
| Registrar (Page 12) | 205,345 | 188,577 |
| Rent | 72,494 | 62,407 |
| Repairs and maintenance | 16,541 | 8,024 |
| Software and website | 6,935 | 4,273 |
| Staff expenses (page 12) | 120,246 | 77,134 |
| Standing Committees and Board of Directors (Page 14) | 69,561 | 91,102 |
| Telephone and internet | 6,621 | 6,410 |
| | <u>827,565</u> | <u>687,551</u> |

Net earnings

\$ 147,341 \$ 210,091

Provincial Dental Board of Nova Scotia **Statement of changes in net assets**

Year ended December 31

2017

2016

| | Unrestricted Net Assets | Restricted Operating Net Assets | Total | Total |
|---|----------------------------|---------------------------------------|----------------------------|-------------------|
| Net assets, beginning of year | \$ 594,726 | \$ 327,310 | \$ 922,036 | \$ 711,945 |
| Net earnings | 147,341 | - | 147,341 | 210,091 |
| Transfer to establish net asset balances for the upcoming year (Note 2) | (180,444) | 180,444 | - | - |
| Net assets, end of year | \$ <u>561,623</u> | \$ <u>507,754</u> | \$ <u>1,069,377</u> | \$ <u>922,036</u> |

Provincial Dental Board of Nova Scotia

Balance sheet

December 31

2017

2016

Assets

Current

| | | |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | \$ 1,118,021 | \$ 1,009,524 |
| Receivables | 58,963 | 16,988 |
| Prepays | 59,853 | 27,086 |
| | <u>1,236,837</u> | <u>1,053,598</u> |

Capital assets (Note 4) 43,032 5,422

Long-term investments (Note 5) 601,144 586,739

\$ 1,881,013 \$ 1,645,759

Liabilities

Current

| | | |
|---|----------------|----------------|
| Payables and accruals (Note 6) | \$ 78,082 | \$ 40,441 |
| Current portion of capital lease (Note 7) | 7,944 | - |
| Deferred revenue | | |
| Dentists | 587,867 | 560,787 |
| Dental assistants | 60,724 | 56,831 |
| Corporation permit fees | 73,042 | 65,664 |
| | <u>807,659</u> | <u>723,723</u> |

Obligation under capital lease (Note 7) 3,977 -

811,636 723,723

Net assets

Unrestricted net assets 561,623 594,726

Restricted net assets 507,754 327,310

1,069,377 922,036

\$ 1,881,013 \$ 1,645,759

Commitments (Note 10)

On behalf of the Board



Director



Director

Provincial Dental Board of Nova Scotia

Statement of cash flows

Year ended December 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating

| | | |
|---|----------------|----------------|
| Net earnings | \$ 147,341 | \$ 210,091 |
| Realized (gain) loss on sale of investments | (3,427) | 385 |
| Unrealized gain on investments | (981) | (6,977) |
| Amortization | 6,278 | 1,355 |
| | <u>149,211</u> | <u>204,854</u> |
| Change in non-cash operating working capital (Note 8) | <u>1,250</u> | <u>28,146</u> |

150,461 233,000

Investing

| | | |
|---------------------------------|-----------------|----------------|
| Purchase of investments | (209,087) | (108,904) |
| Proceeds on sale of investments | 199,090 | 103,000 |
| Purchase of capital assets | (43,888) | - |
| Proceeds from capital lease | 15,895 | - |
| Payments on capital lease | (3,974) | - |
| | <u>(41,964)</u> | <u>(5,904)</u> |

Net increase in cash and cash equivalents

108,497 227,096

Cash and cash equivalents

Beginning of year 1,009,524 782,428

End of year \$ 1,118,021 \$ 1,009,524

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2017

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, 2017

2. Summary of significant accounting policies (continued)

Capital leases

Leases meeting certain criteria are accounted for as capital leases. The imputed interest is charged against income and the capitalized value is amortized over the estimated useful life on a declining balance basis at a rate of 20%. All other leases are accounted for as operating leases.

Capital assets

Capital assets are initially measured at cost and subsequently measured at cost less accumulated amortization with one half year of amortization recorded in the year of acquisition. Rates and basis of amortization 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 |

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. These estimates are reviewed periodically and adjustments are made to net earnings as appropriate in the year they become known. 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.

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2017

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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.

Risk Management

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, 2017.

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. At December 31, 2017 there is no amount owing to the NSDA relating to services provided in 2017 (2016 - \$8,655).

A premises contract has been developed between the Board and the NSDA outlining all rental agreements and expenses to be paid. The NSDA leases one suite, which the Board occupies, and this expense expired 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 the NSDA. The agreement was not renewed in the current year.

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2017

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>2017</u> | <u>2016</u> |
|------------------------------|------------------|-------------------|
| Expenses | | |
| Accounting | \$ 8,942 | \$ 21,889 |
| Administration fees | 4,037 | 6,705 |
| Equipment usage | - | 123 |
| Insurance | - | 368 |
| Miscellaneous | 56 | 335 |
| Office and administration | 4,038 | 12,247 |
| Office supplies and printing | 822 | 3,009 |
| Parking | - | 328 |
| Registrar NSDA member dues | - | 2,712 |
| Rent | 31,368 | 62,408 |
| Telephone and internet | 205 | 1,189 |
| | <u>\$ 49,468</u> | <u>\$ 111,313</u> |

4. Capital assets

| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>2017 Net book value</u> | <u>2016 Net book value</u> |
|--------------------------------|-------------------|-------------------------------------|------------------------------------|------------------------------------|
| Office equipment | \$ 73,533 | \$ 30,501 | \$ 43,032 | \$ 4,417 |
| Leasehold improvements | - | - | - | 1,005 |
| Computer hardware and software | 38,344 | 38,344 | - | - |
| Website | 13,349 | 13,349 | - | - |
| | <u>\$ 125,226</u> | <u>\$ 82,194</u> | <u>\$ 43,032</u> | <u>\$ 5,422</u> |

5. Long-term investments

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

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Canadian - fixed income (cost - \$164,246; 2016 - \$131,065) | \$ 163,986 | \$ 132,804 |
| Canadian - mutual fund (cost - \$326,279; 2016 - \$392,315) | 324,755 | 388,435 |
| United States - fixed income (cost - \$64,851; 2016 - \$61,812) | 66,608 | 65,500 |
| United States - mutual fund (cost - \$47,799; 2016 - \$nil) | 45,795 | - |
| | <u>\$ 601,144</u> | <u>\$ 586,739</u> |

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2017

| 6. Payables and accruals | 2017 | 2016 |
|--------------------------|------------------|------------------|
| Trade | \$ 70,875 | \$ 34,008 |
| Government remittances | <u>7,207</u> | <u>6,433</u> |
| | <u>\$ 78,082</u> | <u>\$ 40,441</u> |

| 7. Obligation under capital lease | 2017 | 2016 |
|--|-----------------|-------------|
| 0.04% capital lease, monthly payments of \$662 including interest maturing June 2019 secured by specific assets with a net book value of \$14,305. | \$ 11,921 | \$ - |
| Less current portion | <u>7,944</u> | <u>-</u> |
| | <u>\$ 3,977</u> | <u>\$ -</u> |

Minimum lease payments for the next two years are as follows:

| | |
|------|----------|
| 2018 | \$ 7,944 |
| 2019 | 3,977 |

| 8. Supplemental cash flow information | 2017 | 2016 |
|--|-----------------|------------------|
| Change in non-cash operating working capital | | |
| Receivables | \$ (41,975) | \$ 15,708 |
| Payables and accruals | <u>37,641</u> | <u>159</u> |
| Deferred revenue | <u>38,351</u> | <u>27,560</u> |
| Prepaid expenses | <u>(32,767)</u> | <u>(15,281)</u> |
| | <u>\$ 1,250</u> | <u>\$ 28,146</u> |

| 9. Investment income | 2017 | 2016 |
|----------------------|------------------|------------------|
| Dividends | \$ 4,903 | \$ 18,557 |
| Interest | <u>10,481</u> | <u>2,410</u> |
| | <u>\$ 15,384</u> | <u>\$ 20,967</u> |

10. Commitments

The Board has entered into agreements to lease premises July 1, 2017 to June 30, 2024. 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.

| | |
|------|-----------|
| 2018 | \$ 47,839 |
| 2019 | 47,839 |
| 2020 | 47,839 |
| 2021 | 47,839 |
| 2022 | 47,839 |

Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2017

2016

Functional Committees

Complaints Committee

| | | |
|---------------------------|---------------|---------------|
| Meals | \$ 1,023 | \$ 1,541 |
| Meetings | 27 | 18 |
| Miscellaneous | - | 187 |
| Per diems and honorariums | 10,819 | 16,163 |
| Travel | 741 | 1,080 |
| | <u>12,610</u> | <u>18,989</u> |

Discipline Committee

| | | |
|---------------------------|--------------|----------|
| Per diems and honorariums | 8,557 | - |
| Travel | 10 | - |
| | <u>8,567</u> | <u>-</u> |

Continuing Education Committee

| | | |
|---------------------------|------------|--------------|
| Meetings | 29 | - |
| Per diems and honorariums | 732 | 1,270 |
| Travel | 89 | 360 |
| | <u>850</u> | <u>1,630</u> |

Dental Practice Review Committee

| | | |
|---------------------------|--------------|---------------|
| Meals | 37 | 12 |
| Miscellaneous | - | 1,788 |
| Per diems and honorariums | 1,164 | 1,164 |
| Travel | - | 1,455 |
| X-ray inspections | - | 7,075 |
| | <u>1,201</u> | <u>11,494</u> |

Total Functional Committees

| | |
|------------------|------------------|
| \$ <u>23,228</u> | \$ <u>32,113</u> |
|------------------|------------------|

Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2017

2016

Registrar

Registrar

| | | |
|--------------------------------|----------|----------|
| Accommodations | \$ 5,838 | \$ 5,453 |
| Annual dues | 3,857 | 3,824 |
| Meals | 1,274 | 2,310 |
| Salary and benefits: | | |
| Salary | 155,128 | 145,188 |
| Employer expenses – CPP and EI | 3,735 | 3,881 |
| Health, life & disability | 13,657 | 9,097 |
| RRSP employer contribution | 9,308 | 8,711 |
| Professional development | 230 | 471 |
| Travel | 12,318 | 9,642 |

| | | |
|------------------------|-------------------|-------------------|
| Total Registrar | \$ 205,345 | \$ 188,577 |
|------------------------|-------------------|-------------------|

Staff expenses

Salary and benefits:

| | | |
|--------------------------------|--------|--------|
| Salary | 78,145 | 51,660 |
| Student salary | 11,300 | 7,018 |
| Employer expenses – CPP and EI | 6,857 | 5,621 |
| Health, life & disability | 20,410 | 8,106 |
| RRSP employer contribution | 2,700 | 2,400 |
| Parking | 834 | 2,329 |

| | | |
|-----------------------------|-------------------|------------------|
| Total staff expenses | \$ 120,246 | \$ 77,134 |
|-----------------------------|-------------------|------------------|

Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2017

2016

Standing Committees and Board of Directors

Board expenses

| | | |
|---------------------------|---------------|---------------|
| Accommodations | \$ 5,563 | \$ 6,129 |
| Chair's annual honorarium | 10,000 | 10,000 |
| Meals | 2,501 | 1,304 |
| Meetings | 2,367 | 54 |
| Miscellaneous | 8 | 1,852 |
| Per diems and honorariums | 33,362 | 35,330 |
| Travel | 7,522 | 14,549 |
| | <u>61,323</u> | <u>69,218</u> |

Human Resource Committee

| | | |
|---------------------------|--------------|--------------|
| Accommodations | 163 | 135 |
| Meals | 350 | 225 |
| Per diems and honorariums | 2,046 | 391 |
| Travel | 849 | 519 |
| | <u>3,408</u> | <u>1,270</u> |

Strategic Planning Committee

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

Sedation Committee

| | | |
|-------|---|-----|
| Meals | - | 170 |
|-------|---|-----|

Governance Committee

| | | |
|---------------------------|--------------|--------------|
| Meals | 320 | 271 |
| Miscellaneous | - | 65 |
| Per diems and honorariums | 1,164 | 3,653 |
| Travel | 339 | 1,220 |
| | <u>1,823</u> | <u>5,209</u> |

Botox Committee

| | | |
|---------------------------|--------------|-----------|
| Accommodation | 174 | - |
| Meals | 20 | 17 |
| Per diems and honorariums | 582 | - |
| Travel | 755 | - |
| | <u>1,531</u> | <u>17</u> |

Finance and Audit Committee

| | | |
|-------|-------|-------|
| Meals | \$ 40 | \$ 41 |
|-------|-------|-------|

Provincial Dental Board of Nova Scotia **Schedule of specific expenses**

Year ended December 31

2017

2016

Standing Committees and Board of Directors (Continued)

Record Keeping Committee

| | | |
|---------------------------|------------|------------|
| Accommodation | \$ 44 | \$ - |
| Meals | 7 | 341 |
| Per diems and honorariums | 261 | - |
| Travel | 73 | - |
| | <u>385</u> | <u>341</u> |

Radiography

| | | |
|---------------------------|--------------|----------|
| Meals | 65 | - |
| Per diems and honorariums | 582 | - |
| Travel | 404 | - |
| | <u>1,051</u> | <u>-</u> |

| | | |
|---|-------------------------|-------------------------|
| Total Standing Committees and Board of Directors | \$ <u>69,561</u> | \$ <u>91,102</u> |
|---|-------------------------|-------------------------|