



Financial Statements

Provincial Dental Board of Nova Scotia

December 31, 2017

# Contents

	<b>Page</b>
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	11-14

## Independent auditor's report

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

Grant Thornton LLP  
Nova Centre, North Tower  
1000-1675 Grafton Street  
Halifax, NS  
B3J 0E9  
T +1 902 421 1734  
F +1 902 420 1068  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

	2017	2016
<b>Revenue</b>		
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>
<b>Expenses</b>		
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>
<b>Net earnings</b>	<b>\$ 147,341</b>	<b>\$ 210,091</b>

**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	\$ 561,623	\$ 507,754	\$ 1,069,377	\$ 922,036

# 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	<u>59,853</u>	<u>27,086</u>
	1,236,837	1,053,598

Capital assets (Note 4)	43,032	5,422
Long-term investments (Note 5)	<u>601,144</u>	<u>586,739</u>
	\$ <u>1,881,013</u>	\$ <u>1,645,759</u>

### 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	<u>73,042</u>	<u>65,664</u>
	807,659	723,723

Obligation under capital lease (Note 7)	<u>3,977</u>	<u>-</u>
	<u>811,636</u>	<u>723,723</u>

### Net assets

Unrestricted net assets	561,623	594,726
Restricted net assets	<u>507,754</u>	<u>327,310</u>
	<u>1,069,377</u>	<u>922,036</u>
	\$ <u>1,881,013</u>	\$ <u>1,645,759</u>

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

<b>Operating</b>		
Net earnings	\$ 147,341	\$ 210,091
Realized (gain) loss on sale of investments	(3,427)	385
Unrealized gain on investments	(981)	(6,977)
Amortization	<u>6,278</u>	<u>1,355</u>
	149,211	204,854
Change in non-cash operating working capital (Note 8)	<u>1,250</u>	<u>28,146</u>
	<u>150,461</u>	<u>233,000</u>
<b>Investing</b>		
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	<u>(3,974)</u>	<u>-</u>
	<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	<u>1,009,524</u>	<u>782,428</u>
End of year	\$ <u>1,118,021</u>	\$ <u>1,009,524</u>

---

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

9. Investment income	<u>2017</u>	<u>2016</u>
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	<u>12,318</u>		<u>9,642</u>
<b>Total Registrar</b>	<b>\$ <u>205,345</u></b>	<b>\$</b>	<b><u>188,577</u></b>

#### 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	<u>834</u>		<u>2,329</u>
<b>Total staff expenses</b>	<b>\$ <u>120,246</u></b>	<b>\$</b>	<b><u>77,134</u></b>

# 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
		<u>-</u>	<u>170</u>
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>

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

---