



Financial Statements

Provincial Dental Board of Nova Scotia

December 31, 2014

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# 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, 2014 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 Provincial Dental Board of Nova Scotia as at December 31, 2014 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 29, 2015

Chartered Accountants

# Provincial Dental Board of Nova Scotia

## Statement of operations and changes in net assets

Years ended December 31

2014

2013

Revenue		
License fees		
Dentists	\$ 555,808	\$ 251,259
Dental assistants	132,611	64,299
Corporation permit fees	61,524	62,850
Reinstatement fees	4,046	6,883
Realized loss on sale of investments	(1,427)	(17,632)
Unrealized gain on investments	7,774	13,721
Investment income	19,169	8,835
	<u>779,505</u>	<u>390,215</u>
Expenses		
Administration fees	8,050	8,050
Audit and accounting	36,633	36,019
Bad debt expense	-	-
Bank and credit card fees	14,652	10,317
Consulting fees	21,857	253
Depreciation	7,199	5,280
Deputy registrar (Page 10)	-	20,309
Dues and subscriptions	113	937
Equipment usage	374	374
Functional committees (Pages 9-10)	21,154	19,101
Grants	16,541	32,057
Insurance	15,500	16,236
Investment fees	4,973	7,535
Legal	43,983	57,467
Office and administration	14,577	10,138
Office supplies and printing	7,289	8,795
Postage	8,895	6,811
Registrar (Page 10)	178,475	176,467
Rent	60,106	58,113
Repairs and maintenance	446	358
Software and website	5,956	2,444
Staff expenses	52,328	54,911
Standing committees and Board of Directors (Page 9)	57,016	90,211
Telephone and internet	4,684	4,797
	<u>580,801</u>	<u>626,980</u>
Net earnings (loss)	\$ <u>198,704</u>	\$ <u>(236,765)</u>
Unrestricted net assets, beginning of year		
	\$ 316,158	\$ 552,923
Net earnings (loss)		
	<u>198,704</u>	<u>(236,765)</u>
Unrestricted net assets, end of year		
	\$ <u>514,862</u>	\$ <u>316,158</u>

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# Provincial Dental Board of Nova Scotia

## Balance sheet

December 31

2014

2013

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### Assets

#### Current

Cash and cash equivalents	\$ 224,058	\$ 607,793
Receivables	14,288	14,562
Prepays	<u>11,805</u>	<u>11,805</u>
	<b>250,151</b>	634,160

Capital assets (Note 4)	11,086	13,059
Long term investments, at market value (Note 5)	<u>927,160</u>	<u>282,412</u>

	<b>\$ 1,188,397</b>	<b>\$ 929,631</b>
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### Liabilities

#### Current

Payables and accruals (Note 6)	\$ 34,302	\$ 40,838
Deferred revenue		
Dentists	520,542	491,055
Dental assistants	54,069	21,280
Corporation permit fees	<u>64,622</u>	<u>60,300</u>
	<b>673,535</b>	613,473

### Net assets

Unrestricted net assets	<u>514,862</u>	<u>316,158</u>
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	<b>\$ 1,188,397</b>	<b>\$ 929,631</b>
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On behalf of the Board

\_\_\_\_\_ Director \_\_\_\_\_ Director

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# Provincial Dental Board of Nova Scotia

## Statement of cash flows

Years ended December 31

2014

2013

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Increase (decrease) in cash and cash equivalents

	2014	2013
<b>Operating</b>		
Net earnings (loss)	\$ 198,704	\$ (236,765)
Realized loss on sale of investments	1,427	17,632
Unrealized (gain) on investments	(7,774)	(13,721)
Depreciation	<u>7,199</u>	<u>5,280</u>
	199,556	(227,574)
Change in non-cash operating working capital (Note 7)	<u>60,336</u>	<u>295,812</u>
	<u>259,892</u>	<u>68,238</u>
<b>Investing</b>		
Purchase of investments	(978,418)	(414,413)
Proceeds on sale of investments	340,017	773,622
Purchase of capital assets	<u>(5,226)</u>	<u>(5,050)</u>
	<u>(643,627)</u>	<u>354,159</u>
Net increase in cash and cash equivalents	(383,735)	422,397
Cash and cash equivalents		
Beginning of year	<u>607,793</u>	<u>185,396</u>
End of year	\$ <u>224,058</u>	\$ <u>607,793</u>

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# Provincial Dental Board of Nova Scotia

## Notes to the financial statements

Years ended December 31

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### 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.

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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 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.

#### 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.

#### Income tax status

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*.

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# Provincial Dental Board of Nova Scotia

## Notes to the financial statements

Years ended December 31

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

#### 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

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.

#### **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 Company's risk exposures and concentrations at December 31, 2014.

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 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 Company is exposed to interest rate risk on its fixed rate financial instruments. Fixed-rate instruments subject the Company to a fair value risk.

# Provincial Dental Board of Nova Scotia

## Notes to the financial statements

Years ended December 31

### 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, 2014 is \$9,604 owed to the NSDA relating to services provided in 2014 (2013 - \$18,432).

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 minimum future base rent payment to the landlord is \$66,487 for the period July 1, 2015 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 the common area cost on an annual basis (50%). The remainder of the rent is paid by NSDA.

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.

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

	<u>2014</u>	<u>2013</u>
Expenses		
Accounting	\$ 22,022	\$ 20,925
Administration fees	8,050	8,050
Computer services fees	932	782
Equipment usage	374	374
Insurance	739	736
Miscellaneous	-	118
Office and administration	13,179	9,186
Office supplies and printing	1,844	2,437
Parking	656	656
Registrar NSDA member dues	2,685	2,922
Rent	60,106	58,113
Telephone and internet	<u>1,229</u>	<u>1,234</u>
	<u>\$ 111,815</u>	<u>\$ 105,533</u>

### 4. Capital assets

	Cost	Accumulated <u>depreciation</u>	2014 <u>Net book value</u>	2013 <u>Net book value</u>
Office equipment	\$ 29,647	\$ 22,745	\$ 6,902	\$ 8,626
Leasehold improvements	5,482	3,911	1,571	1,964
Computer hardware and software	38,344	35,731	2,613	2,469
Website	<u>13,349</u>	<u>13,349</u>	<u>-</u>	<u>-</u>
	<u>\$ 86,822</u>	<u>\$ 75,736</u>	<u>\$ 11,086</u>	<u>\$ 13,059</u>

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# Provincial Dental Board of Nova Scotia

## Notes to the financial statements

Years ended December 31

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### 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:

	Fixed income	Other mutual funds	2014 Total	2013 Total
December 31, 2014				
Market value	\$ 555,594	\$ 371,566	\$ 927,160	\$ 282,412
Book value	\$ 554,131	\$ 359,827	<u>913,958</u>	<u>276,984</u>
Mark to market gain			\$ <u>13,202</u>	\$ <u>5,428</u>

The unrealized gain of \$7,774 (2013 - \$13,721) is the difference between the current and prior year mark to market adjustments.

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### 6. Payables and accruals

	2014	2013
Trade	\$ 28,740	\$ 34,214
Government remittances	<u>5,562</u>	<u>6,624</u>
	\$ <u>34,302</u>	\$ <u>40,838</u>

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### 7. Supplemental cash flow information

	2014	2013
Change in non-cash operating working capital		
Receivables	\$ 274	\$ (80)
Payables and accruals	(6,536)	(3,425)
Deferred revenue	<u>66,598</u>	<u>299,317</u>
	\$ <u>60,336</u>	\$ <u>295,812</u>

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### 8. Comparative figures

Certain comparative figures have been adjusted from those previously presented to confirm to the presentation of the 2014 non-consolidated financial statements.

# Provincial Dental Board of Nova Scotia

## Schedule of specific expenses

Years ended December 31

2014

2013

### Standing committees and Board of Directors

#### Board expenses

Accommodations	\$	4,843	\$	8,375
Chair's honorarium		10,000		10,000
Meals		2,475		1,900
Meetings		74		1,047
Miscellaneous		25		1,680
Per diems and honorariums		24,381		35,220
Travel		9,310		17,941
		<u>51,108</u>		<u>76,163</u>

#### Human resource committee

Accommodations	\$	316	\$	1,121
Meals		142		539
Meetings		74		6,685
Per diems and honorariums		1,164		3,898
Travel		1,728		1,805
		<u>3,424</u>		<u>14,048</u>

#### Governance committee

Accommodations	\$	137	\$	-
Meals		303		-
Meetings		17		-
Miscellaneous		-		-
Per diems and honorariums		970		-
Travel		1,057		-
		<u>2,484</u>		<u>-</u>

#### Financial and Audit Committee

Accommodations	\$	-	\$	-
Meetings		-		-
Miscellaneous		-		-
Per diems and honorariums		-		-
		<u>-</u>		<u>-</u>

**Total standing committees and Board of Directors**      \$ 57,016      \$ 90,211

### Functional committees

#### Complaints committee

Meals	\$	897	\$	-
Meetings		44		912
Per diems and honorariums		13,510		12,286
Travel		1,975		797
		<u>16,426</u>		<u>13,995</u>

# Provincial Dental Board of Nova Scotia

## Schedule of specific expenses

Years ended December 31

2014

2013

### Functional committees (continued)

#### Continuing education committee

Accommodations	\$ -	\$ 142
Meal	93	-
Meetings	-	60
Per diems and honorariums	2,540	582
Travel	694	206
	<u>3,327</u>	<u>990</u>

#### Dental Practice review committee

Accommodations	\$ -	\$ 217
Meals	-	324
Miscellaneous	-	-
Travel	-	1,219
	<u>-</u>	<u>1,760</u>

#### Discipline committee

Accommodations	\$ -	\$ -
Meetings	-	335
Miscellaneous	-	-
Per diems and honorariums	1,401	2,021
	<u>1,401</u>	<u>2,356</u>

### Total functional committees

\$ 21,154      \$ 19,101

### Registrar and Deputy Registrar

#### Registrar

Accommodations	\$ 4,451	\$ 3,182
Annual dues	3,714	3,634
Meals	1,234	832
Salary and benefits	162,885	165,136
Travel	6,191	3,683
	<u>\$ 178,475</u>	<u>\$ 176,467</u>

#### Deputy Registrar

Accommodations	\$ -	\$ 403
Meals	-	455
Miscellaneous	-	-
Per diems and honorariums	-	13,008
Travel	-	6,443
	<u>\$ -</u>	<u>\$ 20,309</u>