



Financial Statements

Provincial Dental Board of Nova Scotia

December 31, 2015

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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, 2015 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, 2015 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 27, 2016

Chartered Accountants

Provincial Dental Board of Nova Scotia

Statement of operations

Year ended December 31

2015

2014

Revenue

License fees		
Dentists	\$ 582,721	\$ 555,808
Dental assistants	172,373	132,611
Corporation permit fees	80,092	61,524
Reinstatement fees	11,544	4,046
Realized gain (loss) on sale of investments	926	(1,427)
Unrealized (loss) gain on investments	(5,446)	7,774
Investment income (Note 8)	18,022	19,169
	<u>860,232</u>	<u>779,505</u>

Expenses

Administration fees	10,060	8,050
Audit and accounting	40,001	36,633
Bank and credit card fees	15,207	14,652
Consulting fees	42,381	21,857
Depreciation	4,308	7,199
Dues and subscriptions	1,800	113
Equipment usage	852	374
Functional committees (Page 12)	36,964	21,154
Grants	16,042	16,541
Insurance	17,500	15,500
Investment fees	5,404	4,973
Legal	60,502	43,983
Office and administration	11,884	14,577
Office supplies and printing	7,368	7,289
Postage	7,700	8,895
Registrar and deputy registrar (Page 13)	184,334	178,475
Rent	59,429	60,106
Repairs and maintenance	2,082	446
Software and website	9,315	5,956
Staff expenses	54,101	52,328
Standing committees and Board of Directors (Page 11)	69,771	57,016
Telephone and internet	6,144	4,684
	<u>663,149</u>	<u>580,801</u>

Net earnings	\$ 197,083	\$ 198,704
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Provincial Dental Board of Nova Scotia

Statement of changes in net assets

Year ended December 31

2015

2014

	Unrestricted Net Assets	Restricted Operating Net Assets	Total	Total
Net assets, beginning of year	\$ 514,862	\$ -	\$ 514,862	\$ 316,158
Net earnings	197,083	-	197,083	198,704
Transfer to establish net asset balances for the upcoming year (Note 2)	<u>(151,310)</u>	<u>151,310</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>560,635</u>	\$ <u>151,310</u>	\$ <u>711,945</u>	\$ <u>514,862</u>

Provincial Dental Board of Nova Scotia

Balance sheet

December 31

2015

2014

Assets

Current

Cash and cash equivalents	\$ 782,428	\$ 779,651
Receivables	32,696	14,288
Prepays	<u>11,805</u>	<u>11,805</u>
	826,929	805,744

Capital assets (Note 4)

6,778 11,086

Long term investments (Note 5)

574,242 371,567

\$ 1,407,949 **\$ 1,188,397**

Liabilities

Current

Payables and accruals (Note 6)	\$ 40,282	\$ 34,302
Deferred revenue		
Dentists	537,546	520,542
Dental assistants	55,968	54,069
Corporation permit fees	<u>62,208</u>	<u>64,622</u>
	696,004	673,535

Net assets

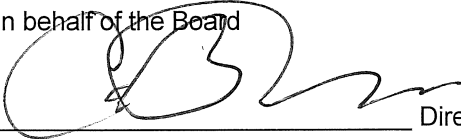
Unrestricted net assets 560,635 514,862

Restricted net assets 151,310 -

711,945 514,862

\$ 1,407,949 **\$ 1,188,397**

On behalf of the Board



Director



Director

Provincial Dental Board of Nova Scotia

Statement of cash flows

Year ended December 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating

Net earnings	\$	197,083	\$	198,704
Realized (gain) loss on sale of investments		(926)		1,427
Unrealized loss (gain) on investments		5,446		(7,774)
Depreciation		4,308		7,199
		205,911		199,556
Change in non-cash operating working capital (Note 7)		4,060		60,336

209,971 259,892

Investing

Purchase of investments		(314,538)		(422,825)
Proceeds on sale of investments		107,344		340,017
Purchase of capital assets		-		(5,226)
		(207,194)		(88,034)

Net increase in cash and cash equivalents

2,777 171,858

Cash and cash equivalents

Beginning of year 779,651 607,793

End of year **\$ 782,428** **\$ 779,651**

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2015

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 revenue 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, 2015

2. Summary of significant accounting policies (continued)

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*.

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.

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2015

2. Summary of significant accounting policies (continued)

Risk Management

Market risk

The Provincial Dental Board of Nova Scotia is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposures and concentrations at December 31, 2015.

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.

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.

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, 2015 is \$9,479 owed to the NSDA relating to services provided in 2015 (2014 - \$9,604).

A premises contract has been developed between the Board and NSDA outlining all rental agreements and expenses to be paid. NSDA leases one suite, which the Board occupies, and this expense will expire June 30, 2017. The minimum future base rent payment to the landlord is \$66,487 for the period July 1, 2016 to June 30, 2017. The Board pays its proportionate share of the base rent (45%) and in addition to the base rent and common area costs the Board pays its proportional share of the common area cost on an annual basis (50%). The remainder of the rent is paid by NSDA.

The Board has committed to paying \$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

Year ended December 31, 2015

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>2015</u>	<u>2014</u>
Expenses		
Accounting	\$ 21,481	\$ 22,022
Administration fees	8,050	8,050
Computer services fees	-	932
Equipment usage	852	374
Insurance	749	739
Miscellaneous	524	-
Office and administration	10,384	13,179
Office supplies and printing	1,456	1,844
Parking	656	656
Registrar NSDA member dues	3,644	2,685
Rent	59,429	60,106
Telephone and internet	<u>1,464</u>	<u>1,229</u>
	<u>\$ 108,689</u>	<u>\$ 111,816</u>

4. Capital assets

	Cost	Accumulated depreciation	2015 Net book value	2014 Net book value
Office equipment	\$ 29,647	\$ 24,126	\$ 5,521	\$ 6,902
Leasehold improvements	5,482	4,225	1,257	1,571
Computer hardware and software	38,344	38,344	-	2,613
Website	<u>13,349</u>	<u>13,349</u>	<u>-</u>	<u>-</u>
	<u>\$ 86,822</u>	<u>\$ 80,044</u>	<u>\$ 6,778</u>	<u>\$ 11,086</u>

5. Long term investments

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

	<u>2015</u>	<u>2014</u>
Canadian - fixed income (cost - \$88,909; 2014 - \$160,940)	\$ 93,712	\$ 174,191
Canadian - mutual fund (cost - \$420,816; 2014 - \$198,865)	417,843	197,376
United States - fixed income (cost - \$58,132; 2014 - Nil)	<u>62,687</u>	<u>-</u>
	<u>\$ 574,242</u>	<u>\$ 371,567</u>

Provincial Dental Board of Nova Scotia

Notes to the financial statements

Year ended December 31, 2015

6. Payables and accruals

	<u>2015</u>	<u>2014</u>
Trade	\$ 34,421	\$ 28,740
Government remittances	<u>5,861</u>	<u>5,562</u>
	<u>\$ 40,282</u>	<u>\$ 34,302</u>

7. Supplemental cash flow information

	<u>2015</u>	<u>2014</u>
Change in non-cash operating working capital		
Receivables	\$ (18,408)	\$ 274
Payables and accruals	5,978	(6,536)
Deferred revenue	<u>16,490</u>	<u>66,598</u>
	<u>\$ 4,060</u>	<u>\$ 60,336</u>

8. Investment income

	<u>2015</u>	<u>2014</u>
Dividends	\$ 12,745	\$ 11,673
Interest	2,386	4,318
Other	<u>2,891</u>	<u>3,178</u>
	<u>\$ 18,022</u>	<u>\$ 19,169</u>

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2015

2014

Standing Committees and Board of Directors

Board expenses

Accommodations	\$ 5,958	\$ 4,843
Chair's honorarium	10,000	10,000
Meals	2,830	2,475
Meetings	718	74
Miscellaneous	476	25
Per diems and honorariums	34,960	24,381
Travel	<u>12,193</u>	<u>9,310</u>
	<u>67,135</u>	<u>51,108</u>

Human Resource Committee

Accommodations	291	316
Meals	720	142
Meetings	526	74
Per diems and honorariums	388	1,164
Travel	<u>652</u>	<u>1,728</u>
	<u>2,577</u>	<u>3,424</u>

Governance Committee

Accommodations	-	137
Meals	-	303
Meetings	10	17
Miscellaneous	-	-
Per diems and honorariums	-	970
Travel	<u>-</u>	<u>1,057</u>
	<u>10</u>	<u>2,484</u>

Financial and Audit Committee

Accommodations	-	-
Meals	49	-
Meetings	-	-
Miscellaneous	-	-
Per diems and honorariums	<u>-</u>	<u>-</u>
	<u>49</u>	<u>-</u>

Total Standing Committees and Board of Directors	\$ <u>69,771</u>	\$ <u>57,016</u>
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Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2015

2014

Functional Committees

Complaints Committee

Accommodations	\$ 373	\$ -
Meals	1,412	897
Meetings	503	44
Miscellaneous	2,561	-
Per diems and honorariums	27,885	13,510
Travel	<u>1,590</u>	<u>1,975</u>
	<u>34,324</u>	<u>16,426</u>

Continuing Education Committee

Accommodations	-	-
Meal	92	93
Meetings	-	-
Per diems and honorariums	1,270	2,540
Travel	<u>358</u>	<u>694</u>
	<u>1,720</u>	<u>3,327</u>

Dental Practice Review Committee

Accommodations	-	-
Meals	-	-
Miscellaneous	920	-
Travel	<u>-</u>	<u>-</u>
	<u>920</u>	<u>-</u>

Discipline Committee

Accommodations	-	-
Meetings	-	-
Miscellaneous	-	-
Per diems and honorariums	<u>-</u>	<u>1,401</u>
	<u>-</u>	<u>1,401</u>

Total Functional Committees

\$ <u>36,964</u>	\$ <u>21,154</u>
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Provincial Dental Board of Nova Scotia

Schedule of specific expenses

Year ended December 31

2015

2014

Registrar and Deputy Registrar

Registrar

Accommodations	\$ 3,127	\$ 4,451
Annual dues	3,792	3,714
Meals	1,323	1,234
Salary and benefits	169,283	162,885
Travel	<u>6,419</u>	<u>6,191</u>
	<u>183,944</u>	<u>178,475</u>

Deputy Registrar

Accommodations	184	-
Meals	-	-
Miscellaneous	-	-
Per diems and honorariums	-	-
Travel	<u>206</u>	<u>-</u>
	<u>390</u>	<u>-</u>

Total Registrar and Deputy Registrar

	\$ <u>184,334</u>	\$ <u>178,475</u>
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