

**College of Dental Surgeons of Saskatchewan**  
**Financial Statements**

*December 31, 2016*

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# College of Dental Surgeons of Saskatchewan

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For the year ended December 31, 2016

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## **Management's Responsibility**

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To the Members of College of Dental Surgeons of Saskatchewan:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed primarily of Council Members who are neither management nor employees of the Organization. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report.

MNP LLP is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

September 15, 2017

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Jerod Orb - Executive Director

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Dr. Bernie White - Chief Executive Officer

# Independent Auditors' Report

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To the Members of College of Dental Surgeons of Saskatchewan:

We have audited the accompanying financial statements of College of Dental Surgeons of Saskatchewan, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net assets, cash flows and the related schedules 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.

## *Auditors' 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 auditors' 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 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 College of Dental Surgeons of Saskatchewan as at December 31, 2016, 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.

Saskatoon, Saskatchewan

September 15, 2017

Chartered Professional Accountants



# College of Dental Surgeons of Saskatchewan

## Statement of Financial Position

*As at December 31, 2016*

	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	2,851,260	1,759,609
Accounts receivable	16,531	5,800
Investments (Note 3)	268,084	62,563
Accrued interest receivable	3,192	3,241
Prepaid expenses	9,966	33,177
	<b>3,149,033</b>	1,864,390
<b>Investments (Note 3)</b>	<b>136,950</b>	319,102
<b>Capital assets (Note 4)</b>	<b>17,623</b>	21,996
	<b>3,303,606</b>	2,205,488
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 5)	41,117	36,513
Deferred revenue (Note 6)	1,550,100	509,840
	<b>1,591,217</b>	546,353
<b>Net Assets</b>		
Continuing Education	61,960	61,960
Access to Care	202,937	116,335
Saskatchewan Oral Health Professionals	255,577	208,910
Unrestricted	1,191,915	1,271,930
	<b>1,712,389</b>	1,659,135
	<b>3,303,606</b>	2,205,488
<b>Approved on behalf of the Council</b>		
 _____ Council member	 _____ Council member	

The accompanying notes are an integral part of these financial statements

# College of Dental Surgeons of Saskatchewan

## Statement of Operations

For the year ended December 31, 2016

	2016 Budget (Unaudited)	2016	2015
<b>Revenue</b> (Schedule 1)	<b>1,685,500</b>	<b>1,838,751</b>	<b>1,771,908</b>
<b>Expenses</b>			
Amortization	-	4,373	6,676
Bank charges	15,000	3,672	4,289
Consultants	185,000	183,792	175,599
Council meetings	45,000	78,337	50,934
Credit card charges	-	26,188	25,001
Grants	285,000	397,601	269,793
Insurance	16,000	15,338	15,003
Legal	75,000	48,235	106,647
Membership fees	-	1,000	1,400
Miscellaneous	-	3,539	754
Office equipment (Note 7)	120,000	108,963	94,142
Office supplies	30,000	34,060	44,281
Other meetings	130,000	170,232	147,591
Postage	13,000	16,843	14,566
Professional fees	45,000	41,928	31,591
Radiation binders	-	2,277	2,103
Rent	100,000	113,517	108,115
Salaries, benefits and staff recruitment	575,000	539,989	558,647
Scientific session	-	16,387	-
Sponsorship and public relations	120,000	140,535	118,390
Telephone	15,000	11,366	12,871
	<b>1,769,000</b>	<b>1,958,172</b>	<b>1,788,393</b>
<b>Deficiency of revenue over expenses before other items</b>	<b>(83,500)</b>	<b>(119,421)</b>	<b>(16,485)</b>
<b>Other items</b>			
Investment income	15,000	16,443	17,766
Unrealized gains (losses) on investment	-	22,963	(10,813)
Access to Care (Schedule 2)	-	86,602	64,339
Saskatchewan Oral Health Professionals (Schedule 3)	-	46,667	13,282
	<b>15,000</b>	<b>172,675</b>	<b>84,574</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(68,500)</b>	<b>53,254</b>	<b>68,089</b>

The accompanying notes are an integral part of these financial statements

**College of Dental Surgeons of Saskatchewan**  
**Statement of Changes in Net Assets**

*For the year ended December 31, 2016*

	<i>Access to Care</i>	<i>Continuing Education</i>	<i>Saskatchewan Oral Health Professionals</i>	<i>Unrestricted</i>	<b>2016</b>	2015
<b>Net assets, beginning of year</b>	116,335	61,960	208,910	1,271,930	<b>1,659,135</b>	1,591,046
<b>Excess (deficiency) of revenue over expenses</b>	86,602	-	46,667	(80,015)	<b>53,254</b>	68,089
<b>Net assets, end of year</b>	<b>202,937</b>	<b>61,960</b>	<b>255,577</b>	<b>1,191,915</b>	<b>1,712,389</b>	1,659,135

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*The accompanying notes are an integral part of these financial statements*

# College of Dental Surgeons of Saskatchewan

## Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	53,254	68,089
Amortization	4,373	6,676
Unrealized (gains) losses on investments	(22,963)	10,813
	34,664	85,578
Changes in working capital accounts		
Accounts receivable	(10,731)	(4,400)
Accrued interest receivable	49	1,874
Prepaid expenses	23,211	(18,462)
Accounts payable and accruals	4,604	(81,354)
Deferred revenue	1,040,260	348,540
	1,092,057	331,776
<b>Investing</b>		
Purchase of investments	(62,970)	(267,678)
Proceeds on disposal of investments	62,564	262,066
	(406)	(5,612)
<b>Increase in cash resources</b>	<b>1,091,651</b>	<b>326,164</b>
<b>Cash resources, beginning of year</b>	<b>1,759,609</b>	<b>1,433,445</b>
<b>Cash resources, end of year</b>	<b>2,851,260</b>	<b>1,759,609</b>

The accompanying notes are an integral part of these financial statements

# College of Dental Surgeons of Saskatchewan

## Notes to the Financial Statements

For the year ended December 31, 2016

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### 1. Incorporation and nature of the organization

College of Dental Surgeons of Saskatchewan (the "Organization") was incorporated by an act of the Saskatchewan Legislature as the association for the dental profession to protect the public interest in matters relating to dentistry through regulation of the practice of dentistry and governance of its members. It is a not-for-profit entity under the Income Tax Act and therefore is not subject to either federal or provincial income taxes.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Fund accounting**

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains four funds in relation to different programs, the Access to Care program, the Continuing Education program, the Saskatchewan Oral Health Professionals program and the unrestricted fund. Revenue and expenses that are specific to each program are recorded in their corresponding program fund. General revenue and expenses of the Organization are recorded in the unrestricted fund. The statement of financial position, statement of operations and statement of cash flows have been presented on a combined basis.

#### **Revenue recognition**

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All types of member fees are recognized as revenue in the year to which they relate.

Investment income is recognized when it is earned.

#### **Cash and cash equivalents**

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is recorded as restricted cash.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives. It is the Organization's policy to record amortization at one-half of the annual rate in the year of acquisition.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	55 %
Equipment	declining balance	20 %
Leasehold improvements	straight-line	10 years

#### **Contributed services**

Members contribute their time to the Organization to assist in its activities. Contributed services are not recognized in the financial statements due to the difficulty of determining their fair value.

**2. Significant accounting policies** *(Continued from previous page)*

***Measurement uncertainty***

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

***Financial instruments***

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

***Financial asset impairment***

The Organization assesses impairment of all of its financial assets measured at amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

***Long-lived assets***

Long-lived assets consist of capital assets.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

# College of Dental Surgeons of Saskatchewan

## Notes to the Financial Statements

For the year ended December 31, 2016

### 3. Investments

	2016	2015
Measured at amortized cost:		
Guaranteed Investment Certificate with interest at 1.55%, maturing January 2017	205,114	-
Guaranteed Investment Certificate with interest at 0.50%, maturing June 2017 (2015 - 0.65%, matured June 2016)	62,970	62,563
	<b>268,084</b>	<b>62,563</b>

Long-term investments includes common shares measured at their fair value with a balance of \$136,950 (2015 - \$113,988) with a cost of \$20,337, and Guaranteed Investment Certificates at an interest rate of 1.55%, with a balance of \$nil (2015 - \$205,114).

### 4. Capital assets

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	11,947	10,440	1,507	3,346
Equipment	1,974	1,064	910	1,137
Leasehold improvements	23,066	7,860	15,206	17,513
	<b>36,987</b>	<b>19,364</b>	<b>17,623</b>	<b>21,996</b>

### 5. Accounts payable and accruals

	2016	2015
Trade payables	29,159	19,847
Vacation pay payable	5,113	11,220
Goods and Services Tax payable	3,636	2,621
Payroll deductions payable	3,209	76
Visa payable	-	2,749
	<b>41,117</b>	<b>36,513</b>

### 6. Deferred revenue

Deferred revenue consists of monies received in relation to annual license fees, registration fees, corporate permits and fee guides that relate to the subsequent fiscal year. Recognition of these amounts as revenue is deferred to periods when the specified revenue is earned. Changes in the deferred revenue balances are as follows:

	2016	2015
Balance, beginning of year	509,840	161,300
Amount received during the year	1,550,100	509,840
Less: Amount recognized as revenue during the year	(509,840)	(161,300)
Balance, end of year	<b>1,550,100</b>	<b>509,840</b>

**College of Dental Surgeons of Saskatchewan**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2016*

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**7. Commitments**

The Organization leases office space under an operating lease which commenced July 1, 2013 and expires June 30, 2023 having a base rent of \$8,425 per month (annually - \$101,100). The Organization is also committed to paying various operating leases for office equipment, which are included in the office equipment expense account on the statement of operations, having monthly payments of \$4,249 (annually - \$50,988).

**8. Saskatchewan Dental Fund**

When the National Dental Fund disbanded the funds were allocated out to the dentists of different provinces on a per capita basis. Saskatchewan's portion of this Dental Fund was invested with the Saskatoon Community Foundation. At December 31, 2016, the fund balance was \$129,597 (2015 - \$80,949). The total amount in the fund is attributable to the province's dentists, and as the Organization is only responsible for investing in the fund, it is not included in the statement of financial position and the earnings are not reported in the statement of operations.

**9. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's investment in publicly-traded securities expose the Organization to price risk as this investment is subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Organization is exposed to interest rate risk primarily relating to the investments in Guaranteed Investment Certificates, with interest rates ranging from 0.50% to 1.55% and maturities ranging from 1 to 6 months subsequent to December 31, 2016.



# College of Dental Surgeons of Saskatchewan

## Schedule 1 - Schedule of Revenue

For the year ended December 31, 2016

	<b>2016 Budget (unaudited)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Annual license fees	1,550,000	1,645,350	1,582,828
Corporate permits	70,000	80,300	76,000
Fee guides	20,000	27,500	20,300
Mediation and legal recovery	-	23,857	49,561
Registration fees	20,000	16,510	11,695
Other recoveries	-	15,185	9,113
Corporate fees	5,000	12,700	7,000
Sponsorship and public relations	20,000	11,350	5,470
Scientific session recovery	-	4,791	7,388
Radiation safety binders	-	670	2,053
Canadian Dental Association rebates	-	288	-
Annual register	500	250	500
	<b>1,685,500</b>	<b>1,838,751</b>	<b>1,771,908</b>

**College of Dental Surgeons of Saskatchewan**  
**Schedule 2 - Access to Care Schedule of Revenue and Expenses**

*For the year ended December 31, 2016*

	2016	2015
<b>Revenue</b>	<b>95,000</b>	66,000
<b>Expenses</b>		
Saturday night banquet	8,398	1,661
<b>Excess of revenue over expenses</b>	<b>86,602</b>	64,339

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# College of Dental Surgeons of Saskatchewan

## Schedule 3 - Saskatchewan Oral Health Professionals Schedule of Revenue and Expenses

For the year ended December 31, 2016

	2016	2015
<b>Revenue</b>		
Course registrations	152,263	124,922
Exhibitors	117,703	104,760
Other	35,522	43,781
	<b>305,488</b>	<b>273,463</b>
<b>Expenses</b>		
Audio visual	2,520	18,490
Bank charges	7,989	6,414
Consultant	601	-
Entertainment	4,975	5,002
Hotel, gala, committee and hospitality	152,589	119,643
Presenters	24,954	29,259
Printing, scanning and office	24,850	53,226
Promotion	40,343	28,147
	<b>258,821</b>	<b>260,181</b>
<b>Excess of revenue over expenses</b>	<b>46,667</b>	<b>13,282</b>

## Management's Responsibility

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To the Members of College of Dental Surgeons of Saskatchewan:

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September 15, 2017

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Jerod Orb - Executive Director

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Dr. Bernie White - Chief Executive Officer

# College of Dental Surgeons of Saskatchewan

## Statement of Financial Position

*As at December 31, 2016*

	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	2,851,260	1,759,609
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Unrestricted	1,191,915	1,271,930
	<b>1,712,389</b>	1,659,135
	<b>3,303,606</b>	2,205,488

Approved on behalf of the Council

\_\_\_\_\_  
Council member

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Council member

*The accompanying notes are an integral part of these financial statements*

**College of Dental Surgeons of Saskatchewan  
Report to the Council and Finance Committee**

*For the Year Ending December 31, 2016*

For presentation at the Council and Finance Committee meeting September 15, 2017

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September 15, 2017

Members of the Council and Finance Committee  
College of Dental Surgeons of Saskatchewan  
201-1st Avenue South, 1202 The Tower at Midtown  
Saskatoon, Saskatchewan  
S7K 1J5

Dear Council and Finance Committee:

We are pleased to submit to you this report for discussion of our audit of the financial statements of College of Dental Surgeons of Saskatchewan (the "Organization") as at December 31, 2016 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Council and Finance Committee.

## THE AUDIT

Our responsibility, as auditor of the Organization, is to report to the members on the fair presentation of the December 31, 2016 financial statements, in accordance with Canadian accounting standards for not-for-profit organizations. To properly discharge this responsibility, we designed our audit process to assess the risk of material misstatement within the statements by examining and assessing the effectiveness of the Organization's controls and accounting systems, and the evidence supporting the amounts and disclosures in the statements, including the appropriateness of accounting principles and significant estimates made by management.

We have considered the Organization's internal controls as part of the financial statement audit. This included obtaining an understanding of the internal controls (regardless of whether we intended to rely on them for the purpose of our audit); evaluating the design of these controls; and determining whether they have been implemented. This understanding was sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

Our audit procedures, consisting of separate examination of each material year-end balance, key transaction, and other event considered significant to the financial statements, were concentrated in areas where risks were identified, and therefore, differences were most likely to arise.

Management has provided us with written representations, acknowledging, among other things, their responsibility for the implementation and maintenance of appropriate reporting systems and controls, including those designed to detect and prevent fraud, and to ensure the appropriateness of the amounts recorded in the accounting records, and the amounts and disclosures in the financial statements. Our annual management representation letter is attached to this report.

## AUDITOR INDEPENDENCE

We confirm to the Council and Finance Committee that we are independent of the Organization. Our letter to the Council and Finance Committee discussing our independence is attached to this report.



## AUDIT RESULTS

We have satisfactorily completed our audit and are prepared to sign our Auditors' Report after the Council and Finance Committee's review and approval of the financial statements. A substantive approach was used in auditing the Organization's financial statements; thus, the Organization's controls were not relied upon.

**Final materiality calculated and used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$69,500.**

The Auditors' Report will provide an unqualified opinion to the members. Key matters noted during our audit are summarized in the table below.

Subjects	December 31, 2016	December 31, 2015
<ul style="list-style-type: none"> <li>Material uncertainties related to events or conditions that may cast significant doubt on entity's ability to continue as a going concern</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Illegal or fraudulent acts</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Non-compliance with laws and regulations</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Fraud by employees/management with key roles in control activities</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Differences that may:                             <ul style="list-style-type: none"> <li>Have a material effect on comparative information and the current period financial statements</li> <li>Cause future statements to be materially misstated</li> <li>Indicate significant deficiencies in controls</li> </ul> </li> </ul>	None None None	None None None
<ul style="list-style-type: none"> <li>Irregularities having a material financial statement effect</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Limitations placed on the scope of our audit</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Significant transactions not in the ordinary course of business, or other unusual related party transactions</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Unusual significant transactions given the entity and its environment</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Non-monetary transactions</li> </ul>	None noted	None noted
<ul style="list-style-type: none"> <li>Transactions that increase risk</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Concerns with management breach of corporate conduct</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Conflicts of interest</li> </ul>	None	None
<ul style="list-style-type: none"> <li>Disagreements with management</li> </ul>	None	None

Subjects	December 31, 2016	December 31, 2015
• Emphasis of matter or other matter paragraph included in the Auditors' Report	None	None
• Matters influencing audit appointment	None	None
• Difficulties encountered during the audit	None	None
• Disagreements with management's accounting estimates	None	None
• Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment	None	None
• Significant deficiencies in the entity's risk assessment process within the design and/or implementation of controls	None	None
• Significant deficiencies in controls resulting from inappropriate response by management regarding implementing controls over significant risks	None	None
• Matters giving rise to questions regarding the honesty and integrity of management	None	None

All significant management estimates were reviewed and no material differences were noted. The methodologies and processes used by management were consistent with prior periods. We will issue a letter to management containing our comments with respect to accounting matters and enhancement of controls.

Differences identified during our audit were discussed with management. The cumulative net effect of all unadjusted differences has not resulted in material misstatement, and therefore does not affect our Independent Audit Report. A summary of significant differences has been included as Appendix A to this report.

We would like to take this opportunity to formally acknowledge the excellent cooperation and assistance we received from the management and staff of the Organization.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from, or relevant to, our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

Chartered Professional Accountants

## APPENDIX A – Summary of Significant Differences

SIGNIFICANT ADJUSTED DIFFERENCES			
Differences Noted	Financial Statement Item(s) Affected	Adjustment to Statement of Financial Position	Adjustment to Excess (Deficiency) of Revenues over Expenses
To record amortization for the year	Accumulated amortization, Amortization expense	(4,373)	4,373
To adjust RBC Dominion Securities to fair market value as at December 31, 2016	Long-term investments, Change in unrealized gains on available for sale investments	22,963	(22,963)
To adjust GIC balance to actual at December 31, 2016	Short-term investments, Investment income	407	(407)
To adjust accrued interest to actual at December 31, 2016	Accrued interest receivable, Investment income	3,129	(3,129)
To record MNP audit accrual for the current year	Accounts payable, Professional fees	(18,000)	18,000
To adjust vacation payable to actual at December 31, 2016	Vacation payable, Salaries expense	18,723	(18,723)
To remove existing prepaid balance for conferences held in 2016	Prepaid expenses, Other meetings expense	(2,236)	2,236
To remove accounts payable balances that were double recorded or reversed	Accounts payable, Council meetings and Consultant expenses	4,797	(4,797)
<b>Total Adjusted Differences (Increase Income)</b>			<b>(25,410)</b>

<b>SIGNIFICANT UNADJUSTED DIFFERENCES</b>			
<b>Differences Noted</b>	<b>Financial Statement Item(s) Affected</b>	<b>Adjustment to Statement of Financial Position</b>	<b>Adjustment to Excess (Deficiency) of Revenues over Expenses</b>
To record assessment of CRA payroll audit subsequent to year end	Accounts payable understated, Salaries expense understated	(10,507)	10,507
To record wages payable to Dr. White for extra time worked during the year	Wages payable understated, Salaries expense understated	(20,610)	20,610
To record cutoff error in payables and expenses found at the end of the year	Accounts payable understated, Expenses understated	(29,187)	29,187
To record prepaid that should have been set up for software maintenance	Prepaid expense understated, Expenses overstated	4,704	(4,704)
To record amount payable to an employee for extra time worked in the prior year that was paid in the current year	Opening equity overstated, Expenses overstated	7,145	(7,145)
To record prepaid that should have been set up for software maintenance for the prior year	Opening equity understated, Expenses understated	(4,704)	4,704
To record manual cheque excluded from outstanding cheque listing in prior year	Opening equity overstated, Expenses overstated	11,200	(11,200)
To record opening cutoff error in payables and expenses found in the prior year	Opening equity overstated, Expenses overstated	43,949	(43,949)
To record understatement of Access to Care Donations due to cutoff errors in prior year	Opening equity understated, Revenue overstated	(10,000)	10,000
To record the payroll accrual for the prior year	Opening equity overstated, Expenses overstated	5,006	(5,006)
To record pay made in excess to Dr. White in the prior year which has not been reversed in the current year	Opening equity understated	(15,138)	-
	Accounts receivable understated	15,138	-
<b>Total Unadjusted Differences (Decrease Income)</b>			<b>3,004</b>

During the course of our audit we noted the following significant unadjusted disclosure differences affecting the financial statements:

- Some minimal classification issues exist within revenue and expenses, however these do not have an impact on the ending net income reported. As such, these have not been adjusted in the current year. Classification errors noted include \$37,078 of revenue that should have been an expense, and an entry of \$14,402 to adjust the ending cash balance to actual that was charged to credit card expenses, however should net against where the errors originally were adjusted.

## **APPENDIX A – Summary of Significant Differences** *(continued from previous page)*

Canadian generally accepted auditing standards require that we request of management and the Council and Finance Committee that identified unadjusted differences be corrected. We have made this request of management, however based on both quantitative and qualitative considerations management has decided not to correct those identified differences that remain unadjusted. They have represented to us that in their judgment the unadjusted differences are, both individually and in the aggregate, not material to the financial statements.

We concur with management's representation that the unadjusted differences are not material to the financial statements and, accordingly, these unadjusted differences have no effect on our auditors' report.

DRAFT

September 15, 2017

Council and Finance Committee  
College of Dental Surgeons of Saskatchewan  
201-1st Avenue South, 1202 The Tower at Midtown  
Saskatoon, Saskatchewan  
S7K 1J5

Dear Council and Finance Committee:

We have been engaged to audit the financial statements of College of Dental Surgeons of Saskatchewan ("the Organization") as at December 31, 2016 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the Organization and its related entities or persons in financial reporting oversight roles at the Organization and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are aware of the following relationships between the Organization and MNP that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from January 1, 2016 to the date of this letter.

An employee of MNP was contracted to complete the bookkeeping for the Organization for the 2016 fiscal year. Appropriate safeguards were in place to protect our independence including the following:

- The bookkeeping employee had no management decision making authority;
- All work prepared by the bookkeeping employee was reviewed and approved by the Organization and conducted under the direction of the Organization;
- The audit team was completely separate from the bookkeeping team; and
- An independent peer review of the audit engagement was completed by a Risk Partner.

We hereby confirm that MNP is independent with respect to the Organization within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Saskatchewan as of the date of this letter.

This report is intended solely for the use of Council and Finance Committee, management and others within the Organization and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you, if so requested. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

Chartered Professional Accountants

DRAFT

September 15, 2017

MNP LLP  
119 4th Ave South  
Suite 800  
Saskatoon, Saskatchewan  
S7K 5X2

To Whom It May Concern:

In connection with your audit of the financial statements of College of Dental Surgeons of Saskatchewan ("the Organization") as at December 31, 2016 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 21, 2017, for the preparation and fair presentation of the Organization's financial statements in accordance with Canadian accounting standards for not-for-profit organizations. We believe these financial statements are complete and present fairly, in all material respects, the financial position of the Organization as at December 31, 2016, and the results of its operations and its cash flows, in accordance with Canadian accounting standards for not-for-profit organizations.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the Organization's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian accounting standards for not-for-profit organizations, and are applied consistently throughout the financial statements.
4. We have disclosed to you all significant assumptions used in making accounting estimates and judgments, and believe they are reasonable.
5. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.
6. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these differences has been attached to this written representation.
7. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.



8. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.
9. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations have been adjusted or disclosed as appropriate.
10. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
11. All assets, wherever located, to which the Organization had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral.
12. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
13. Investments in marketable securities are appropriately recorded in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations. All events or circumstances giving rise to impairments are reflected in the financial statements.
14. Accounts and contributions receivable are correctly described in the records and represent valid claims as at December 31, 2016. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.
15. All charges to capital assets represent capital expenditures. No expenditures of a capital nature were charged to operations of the Organization. Depreciation of capital assets has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements.
16. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the Organization is not entitled to the proceeds.
17. We have identified all financial instruments. These have been appropriately recorded and disclosed in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.

#### **Information provided**

1. We have responded fully to all inquiries made to us and have made available to you:
  - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements, and related data and minutes of the meetings of councils and board of directors held throughout the year to the present date;
  - Additional information that you have requested from us for the purpose of your audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.

4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the Organization and all related party relationships and transactions of which we are aware.
8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
9. The previous year's representation letter dated September 17, 2016 is still applicable to the prior year's financial statements and no matters have arisen that require restatement of those financial statements.
10. There are no discussions with your firm's personnel regarding employment with the Organization.

#### **Professional Services**

1. We acknowledge the engagement letter dated July 21, 2017, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the Organization's audit.

Sincerely,  
College of Dental Surgeons of Saskatchewan

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Signature

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Title