

College of Dental Surgeons of Saskatchewan
Financial Statements
December 31, 2021

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College of Dental Surgeons of Saskatchewan

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For the year ended December 31, 2021

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Management's Responsibility

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 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, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the financial statements and report directly to the Members; 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.

Jerod Orb - Executive Director

Independent Auditor's Report

To the Members of College of Dental Surgeons of Saskatchewan:

Opinion

We have audited the financial statements of College of Dental Surgeons of Saskatchewan (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report *(continued from previous page)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan

Chartered Professional Accountants

College of Dental Surgeons of Saskatchewan Statement of Operations

For the year ended December 31, 2021

	2021 Budget (Unaudited)	2021	2020
Revenue (Schedule 1)	2,260,000	2,254,994	2,280,942
Expenses			
Amortization	-	11,784	5,734
Bank charges	50,000	3,001	5,664
Consultants	-	187,048	209,665
Council meetings	200,000	221,037	109,721
Credit card charges	-	76,663	69,914
Grants	375,000	277,458	283,278
Insurance	17,500	19,256	17,944
Legal	75,000	59,195	36,958
Mediation/legal recoveries	-	(31,121)	(1,100)
Membership fees	-	6,974	7,191
Miscellaneous	7,500	42	6,636
Office equipment	100,000	130,341	158,110
Office supplies	25,000	61,222	18,158
Other meetings	150,000	7,803	180,418
Postage	7,500	3,390	9,097
Professional fees	50,000	45,238	45,656
Radiation binders	-	-	3,419
Rent	120,000	131,677	134,082
Salaries, benefits and staff recruitment	650,000	890,963	795,408
Sponsorship and public relations	120,000	145,872	126,708
Telephone	10,000	9,161	12,230
	1,957,500	2,257,004	2,234,891
Excess (deficiency) of revenue over expenses before other items	302,500	(2,010)	46,051
Other items			
Investment income	20,000	9,423	14,768
Access to Care (Schedule 2)	-	4,000	6,000
Saskatchewan Oral Health and Continuing Education (Schedule 3) (net)	(205,000)	(108,093)	(79,775)
Unrealized gains on investments	-	48,413	825
	(185,000)	(46,257)	(58,182)
Excess (deficiency) of revenue over expenses	117,500	(48,267)	(12,131)

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, 2021

	<i>Access to Care</i>	<i>Continuing Education</i>	<i>Saskatchewan Oral Health</i>	<i>Unrestricted</i>	<i>2021</i>	<i>2020</i>
Net assets, beginning of year, as originally stated	277,758	61,960	(136,976)	1,046,093	1,248,835	1,260,966
Correction of error (Note 11)	(311,200)	-	-	311,200	-	-
Net assets, beginning of year, as restated	(33,442)	61,960	(136,976)	1,357,293	1,248,835	1,260,966
Excess (deficiency) of revenue over expenses	4,000	-	(108,093)	55,826	(48,267)	(12,131)
Net assets, end of year	(29,442)	61,960	(245,069)	1,413,119	1,200,568	1,248,835

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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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(48,267)	(12,131)
Amortization	11,784	5,734
Unrealized gains on investments	(48,413)	(825)
	(84,896)	(7,222)
Changes in working capital accounts		
Accounts receivable	69,362	(54,723)
Prepaid expenses	(17,605)	21,225
Accounts payable and accruals	(50,336)	63,950
Deferred revenue	(28,757)	(166,018)
	(112,232)	(142,788)
Investing		
Purchase of investments	-	(64,238)
Proceeds on disposal of investments	64,238	63,919
Purchase of tangible capital assets	(26,658)	(7,514)
	37,580	(7,833)
Decrease in cash and cash equivalents	(74,652)	(150,621)
Cash and cash equivalents, beginning of year	2,944,896	3,095,517
Cash and cash equivalents, end of year	2,870,244	2,944,896

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, 2021

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.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations, and isolation/quarantine orders.

The Organization's operations were impacted in the current year by COVID-19, due to travel restrictions and cancellations of events such as the 2021 Sask Oral Health Conference.

At this time it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of travel restrictions, business closures, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may continue to cause modification of planned events and Organization initiatives, which may negatively impact the Organization's business and financial condition.

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 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.

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.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

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

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible 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.

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

Long-lived assets

Long-lived assets consist of tangible 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.

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 tangible capital assets.

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

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length 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 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 cost or amortized cost.

College of Dental Surgeons of Saskatchewan

Notes to the Financial Statements

For the year ended December 31, 2021

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

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or 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.

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 at the statement of financial position date; 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 deficiency 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 deficiency of revenue over expenses in the year the reversal occurs.

3. Accounts receivable

	2021	2020
Trade receivables	8,000	80,410
Due from employees	-	3,996
Accrued interest	-	270
Goods and Services Tax receivable	7,744	430
	15,744	85,106

4. Investments

	2021	2020
Measured at amortized cost:		
Guaranteed Investment Certificate with interest at 0.75%, matured June 2021.	-	64,238
Measured at fair market value:		
Common shares (Cost - \$21,187)	184,313	135,900
	184,313	200,138

5. Tangible capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	45,979	30,398	15,581	6,273
Equipment	12,847	3,558	9,289	1,417
Leasehold improvements	23,066	19,392	3,674	5,980
	81,892	53,348	28,544	13,670

College of Dental Surgeons of Saskatchewan

Notes to the Financial Statements

For the year ended December 31, 2021

6. Accounts payable and accruals

	2021	2020
Trade payables	94,371	114,346
Vacation pay payable	4,819	1,670
Goods and Services Tax payable	-	579
Payroll deductions payable	2,310	35,241
	101,500	151,836

7. 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:

	2021	2020
Balance, beginning of year	1,859,957	2,025,975
Amount received during the year	1,831,200	1,859,957
Less: Amount recognized as revenue during the year	(1,859,957)	(2,025,975)
	1,831,200	1,859,957

8. Commitments

The Organization leases office space under an operating lease expiring June 2023, having a base rent of \$10,225 per month (annually - \$122,700). The Organization is also committed to paying various operating leases for office equipment expiring April 2023 and April 2024, which are included in the office equipment expense account on the statement of operations, having quarterly payments of \$3,307 (annually - \$13,228).

9. 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, 2021, the fund balance was \$109,201 (2020 - \$103,576). 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.

10. 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.

College of Dental Surgeons of Saskatchewan
Notes to the Financial Statements
For the year ended December 31, 2021

10. Financial instruments *(Continued from previous page)*

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 not exposed to interest rate risk at the end of December 31, 2021.

11. Correction of an error

During the year, the Organization determined that donations to the Saskatoon Community Foundation and College of Dentistry made in previous years should have been funded by the Access to Care fund rather than through unrestricted operations. For the year ended December 31, 2020, the impact of this correction has resulted in an increase in the Unrestricted fund of \$311,200 and a decrease in the Access to Care fund of \$311,200.

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College of Dental Surgeons of Saskatchewan
Schedule 1 - Schedule of Revenue

For the year ended December 31, 2021

	2021 Budget (Unaudited)	2021	2020
Revenue			
Annual license fees	2,100,000	2,085,525	2,118,000
Corporate fees	15,000	19,500	13,700
Corporate permits	85,000	88,200	82,200
Fee guides	25,000	25,000	26,025
Fundraising	-	4,400	1,400
Other recoveries	-	5,929	3,787
Penalty and interest	-	400	200
Radiation safety binders	-	1,140	780
Registration fees	30,000	24,900	34,850
Sponsorship	5,000	-	-
	2,260,000	2,254,994	2,280,942

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College of Dental Surgeons of Saskatchewan
Schedule 2 - Access to Care Schedule of Revenue
For the year ended December 31, 2021

	<i>2021</i>	<i>2020</i>
Revenue	4,000	6,000

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College of Dental Surgeons of Saskatchewan
Schedule 3 - Saskatchewan Oral Health and Continuing Education
Schedule of Revenue and Expenses
For the year ended December 31, 2021

	2021	2020
Revenue		
Course registrations	141,732	232,401
Exhibitors	51,501	125
Advertisements	905	-
Sponsorship	19,762	-
	213,900	232,526
Expenses		
Audio visual	6,063	197
Bank charges	7,752	11,849
Consultant	179,450	163,718
Entertainment	124	67
Hotel, gala, committee and hospitality	2,469	4,483
Presenters	29,522	7,250
Printing, scanning and office	93,653	118,405
Promotion	2,960	6,332
	321,993	312,301
Deficiency of revenue over expenses	(108,093)	(79,775)