

College of Dental Surgeons of Saskatchewan
Financial Statements
December 31, 2015

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College of Dental Surgeons of Saskatchewan

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For the year ended December 31, 2015

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Independent Auditors' Report

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, 2015, 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, 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.

Saskatoon, Saskatchewan

Chartered Professional Accountants

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 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.

Jerod Orb - Executive Director

Dr. Bernie White - Chief Executive Officer

College of Dental Surgeons of Saskatchewan

Statement of Financial Position

As at December 31, 2015

	2015	2014
Assets		
Current		
Cash	1,759,609	1,433,445
Accounts receivable	5,800	1,400
Investments (Note 3)	62,563	262,066
Accrued interest receivable	3,241	5,115
Prepaid expenses	33,177	14,715
	1,864,390	1,716,741
Investments (Note 3)	319,102	124,800
Capital assets (Note 4)	21,996	28,672
	2,205,488	1,870,213
Liabilities		
Current		
Accounts payable and accruals (Note 5)	36,513	117,867
Deferred revenue (Note 6)	509,840	161,300
	546,353	279,167
Net Assets		
Continuing Education	61,960	61,960
Access to Care	116,335	51,996
Saskatchewan Oral Health Professionals	208,910	195,628
Unrestricted	1,271,930	1,281,462
	1,659,135	1,591,046
	2,205,488	1,870,213

Approved on behalf of the Council

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, 2015

	2015 Budget (Unaudited)	2015	2014
Revenue (Schedule 1)	1,620,500	1,771,908	1,626,201
Expenses			
Amortization	-	6,676	6,223
Bank charges	15,000	4,289	7,981
Consultants	10,000	13,361	5,182
Council meetings	40,000	50,934	37,110
Credit card charges	-	25,001	11,825
Grants	275,000	269,793	254,999
Insurance	15,500	15,003	15,437
Legal	100,000	106,647	24,028
Membership fees	-	1,400	155
Miscellaneous	-	754	800
Office equipment (Note 7)	65,000	94,142	95,528
Office supplies	65,000	44,281	45,485
Other meetings	100,000	147,591	126,582
Postage	-	14,566	3,420
Professional fees	25,000	31,591	47,276
R.K. House	165,000	162,238	162,360
Radiation binders	-	2,103	-
Rent	100,000	108,115	99,306
Salaries, benefits and staff recruitment	555,000	558,647	474,899
Sponsorship and public relations	150,000	118,390	125,082
Telephone	15,000	12,871	10,947
	1,695,500	1,788,393	1,554,625
Excess (deficiency) of revenue over expenses before other items	(75,000)	(16,485)	71,576
Other items			
Investment income	15,000	17,766	28,215
Unrealized gains (losses) on investment	-	(10,813)	11,400
Continuing Education (Schedule 2) (Note 10)	-	-	(13,571)
Access to Care (Schedule 3)	-	64,339	12,140
Saskatchewan Oral Health Professionals (Schedule 4)	-	13,282	98,647
	15,000	84,574	136,831
Excess (deficiency) of revenue over expenses	(60,000)	68,089	208,407

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, 2015

	<i>Access to Care</i>	<i>Continuing Education</i>	<i>Saskatchewan Oral Health Professionals</i>	<i>Unrestricted</i>	2015	2014
Net assets, beginning of year	51,996	61,960	195,628	1,281,462	1,591,046	1,382,639
Excess (deficiency) of revenue over expenses	64,339	-	13,282	(9,532)	68,089	208,407
Net assets, end of year	116,335	61,960	208,910	1,271,930	1,659,135	1,591,046

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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, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	68,089	208,407
Amortization	6,676	6,223
Unrealized (gain) loss on investments	10,813	(11,400)
	85,578	203,230
Changes in working capital accounts		
Accounts receivable	(4,400)	7,866
Accrued interest receivable	1,874	6,899
Prepaid expenses	(18,462)	(998)
Accounts payable and accruals	(81,354)	(11,297)
Deferred revenue	348,540	(613,263)
	331,776	(407,563)
Investing		
Purchase of investments	(267,678)	(62,066)
Proceeds on disposal of investments	262,066	510,876
Purchase of capital assets	-	(10,983)
	(5,612)	437,827
Increase in cash resources	326,164	30,264
Cash resources, beginning of year	1,433,445	1,403,181
Cash resources, end of year	1,759,609	1,433,445

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, 2015

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

The Organization follows the deferral method of accounting for contributions. 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.

	Method	Rate
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.

College of Dental Surgeons of Saskatchewan
Notes to the Financial Statements
For the year ended December 31, 2015

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, 2015

3. Investments

	2015	2014
Measured at amortized cost:		
Guaranteed Investment Certificate with interest at 2.55%, matured January 2015	-	200,000
Guaranteed Investment Certificate with interest at 0.65%, maturing June 2016 (2014 - 0.80%, matured June 2015)	62,563	62,066
	62,563	262,066

Long-term investments includes a Guaranteed Investment Certificate with a balance of \$205,114 at an interest rate of 1.55%, maturing in January 2017, and common shares measured at their fair value with a balance of \$113,988 (2014 - \$124,800) with a cost of \$20,337.

4. Capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer equipment	11,947	8,601	3,346	7,432
Equipment	1,974	837	1,137	1,421
Leasehold improvements	23,066	5,553	17,513	19,819
	36,987	14,991	21,996	28,672

5. Accounts payable and accruals

	2015	2014
Trade payables	19,847	40,842
Vacation pay payable	11,220	7,842
Goods and Services Tax payable	2,621	5,319
Visa payable	2,749	464
Payroll deductions payable	76	20,524
Accrued wages payable	-	42,876
	36,513	117,867

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:

	2015	2014
Balance, beginning of year	161,300	774,563
Amount received during the year	509,840	161,300
Less: Amount recognized as revenue during the year	(161,300)	(774,563)
Balance, end of year	509,840	161,300

College of Dental Surgeons of Saskatchewan
Notes to the Financial Statements
For the year ended December 31, 2015

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 \$7,799 per month (annually - \$93,588). 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 \$4,215 (annually - \$50,580).

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, 2015, the fund balance was \$80,949 (2014 - \$70,967). 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 0.65% to 1.55% and maturities ranging from 6 to 13 months subsequent to December 31, 2015.

10. Continuing Education

During the prior year, the Continuing Education program was transferred to the University of Saskatchewan College of Dentistry.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

College of Dental Surgeons of Saskatchewan

Schedule 1 - Schedule of Revenue

For the year ended December 31, 2015

	2015	2015	2014
Revenue			
Annual license fees	1,500,000	1,582,828	1,504,191
Corporate permits	65,000	76,000	68,852
Mediation and legal recovery	-	49,561	139
Fee guides	20,000	20,300	8,600
Registration fees	10,000	11,695	6,120
Other recoveries	-	9,113	11,927
Scientific session recovery	-	7,388	-
Corporate fees	5,000	7,000	6,000
Sponsorship and public relations	20,000	5,470	16,600
Radiation safety binders	-	2,053	451
Annual register	500	500	400
Canadian Dental Association rebates	-	-	2,921
	1,620,500	1,771,908	1,626,201

College of Dental Surgeons of Saskatchewan
Schedule 2 - Continuing Education Schedule of Revenue and Expenses
For the year ended December 31, 2015

	2015	2014
Revenue	-	16,338
Expenses		
Honorariums	-	4,500
Meetings	-	9,869
Programs	-	15,540
	-	29,909
Deficiency of revenue over expenses	-	(13,571)

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College of Dental Surgeons of Saskatchewan
Schedule 3 - Access to Care Schedule of Revenue and Expenses
For the year ended December 31, 2015

	2015	2014
Revenue	66,000	23,000
Expenses		
Saturday night banquet	1,661	10,860
Excess of revenue over expenses	64,339	12,140

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College of Dental Surgeons of Saskatchewan

Schedule 4 - Saskatchewan Oral Health Professionals Schedule of Revenue and Expenses

For the year ended December 31, 2015

	2015	2014
Revenue		
Course registrations	124,922	219,316
Exhibitors	104,760	100,750
Other	43,781	34,648
	273,463	354,714
Expenses		
Audio visual	18,490	-
Bank charges	6,414	10,093
Entertainment	5,002	3,800
Golf	-	2,838
Hotel, gala, committee and hospitality	119,643	190,335
Presenters	29,259	26,263
Printing, scanning and office	53,226	12,137
Promotion	28,147	10,601
	260,181	256,067
Excess of revenue over expenses	13,282	98,647