

College of Dental Surgeons of Saskatchewan
Financial Statements
December 31, 2023

DRAFT

College of Dental Surgeons of Saskatchewan Contents

For the year ended December 31, 2023

Page

Management's Responsibility

Independent Auditor's Report

Financial Statements

Statement of Financial Position..... 1

Statement of Operations..... 2

Statement of Changes in Net Assets..... 3

Statement of Cash Flows..... 4

Notes to the Financial Statements..... 5

Schedules

Schedule 1 - Schedule of Operating Revenue..... 9

Schedule 2 - Saskatchewan Oral Health and Continuing Education Revenue..... 10

DRAFT

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.

June 8, 2024

Jaime Korczak - 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, 2023, 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, 2023, 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

June 8, 2024

Chartered Professional Accountants

College of Dental Surgeons of Saskatchewan Statement of Financial Position

As at December 31, 2023

	2023	2022
Assets		
Current		
Cash and cash equivalents	1,266,188	2,448,935
Accounts receivable (Note 3)	206,935	40,882
Investments (Note 4)	1,265,709	238,988
Prepaid expenses	29,328	12,997
	2,768,160	2,741,802
Tangible capital assets (Note 5)	312,212	23,967
	3,080,372	2,765,769
Liabilities		
Current		
Accounts payable and accruals (Note 6)	114,701	79,055
Deferred revenue (Note 7)	1,603,000	1,701,826
Tenant lease inducement - current portion (Note 10)	16,192	-
	1,733,893	1,780,881
Tenant lease inducement (Note 10)	143,030	-
	1,876,923	1,780,881
Commitments (Note 8)		
Net Assets		
Unrestricted	1,203,449	984,888
	3,080,372	2,765,769
Approved on behalf of the Council		
Director _____	Director _____	

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, 2023

	2023 <i>Budget (Unaudited)</i>	2023	2022
Operating Revenue <i>(Schedule 1)</i>	2,435,000	2,383,064	2,287,504
SOHP Revenue <i>(Schedule 2)</i>	-	317,231	273,408
	2,435,000	2,700,295	2,560,912
Expenses			
Amortization	-	27,271	13,644
Bank charges	90,000	88,395	70,910
Consultants	332,757	226,183	222,637
Council meetings	215,000	383,147	161,023
Grants	375,000	344,725	340,090
Insurance	20,600	30,150	20,543
Legal	60,000	130,546	27,840
Mediation/legal recoveries	-	(52,828)	(77,487)
Membership fees	5,280	18,918	3,623
Miscellaneous	-	825	1,700
Office equipment	95,000	175,737	108,717
Office supplies	51,977	80,894	50,151
Other meetings	14,000	7,812	158,666
Postage	8,776	8,045	7,500
Rent	120,000	105,630	139,273
Salaries, benefits, staff recruitment, and severance	811,851	557,157	1,003,700
Scientific session	-	-	11,693
Sponsorship and public relations	80,000	65,914	129,469
Telephone	5,777	-	5,170
	2,286,018	2,198,521	2,398,862
SOHP Expenses			
Audio visual	-	-	2,567
Bank charges	-	-	6,264
Consultant	-	2,642	146,473
Entertainment	-	-	17,009
Hotel, gala, committee and hospitality	-	333,868	119,381
Presenters	-	-	49,060
Printing, scanning and office	-	-	28,572
Promotion	-	-	3,916
	-	336,510	373,242
	2,286,018	2,535,031	2,772,104
Excess (deficiency) of revenue over expenses before other items	148,982	165,264	(211,192)
Other items			
Investment income	7,000	35,162	13,753
Realized and unrealized gains (losses) on investments	-	18,135	(18,241)
	7,000	53,297	(4,488)
Excess (deficiency) of revenue over expenses	155,982	218,561	(215,680)

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, 2023

	2023	2022
Net assets, beginning of year	984,888	1,200,568
Excess (deficiency) of revenue over expenses	218,561	(215,680)
Net assets, end of year	1,203,449	984,888

DRAFT

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, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	218,561	(215,680)
Amortization	27,271	13,644
Realized and unrealized (gains) losses on investments	(18,135)	18,241
	227,697	(183,795)
Changes in working capital accounts		
Accounts receivable	(166,053)	(25,138)
Prepaid expenses	(16,331)	21,426
Accounts payable and accruals	35,646	(22,445)
Deferred revenue	(98,826)	(129,374)
	(17,867)	(339,326)
Financing		
Tenant lease inducement	159,222	-
Investing		
Purchase of investments	(1,267,570)	(216,558)
Proceeds on disposal of investments	258,984	143,642
Purchase of tangible capital assets	(315,516)	(9,067)
	(1,324,102)	(81,983)
Decrease in cash resources	(1,182,747)	(421,309)
Cash resources, beginning of year	2,448,935	2,870,244
Cash resources, end of year	1,266,188	2,448,935

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, 2023

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 policies:

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.

Investment income is recognized as revenue when earned.

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

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.

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 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.

Termination benefits

The Organization recognizes the expense for contractual termination benefits based on the lump sum payments handed out this year amounting to a total of \$32,072 (2022 - \$191,921). These termination benefits were paid out and expensed within the fiscal year.

College of Dental Surgeons of Saskatchewan

Notes to the Financial Statements

For the year ended December 31, 2023

2. Significant accounting policies (Continued from previous page)

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 deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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 excess (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 excess (deficiency) of revenue over expenses in the year the reversal occurs.

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 excess (deficiency) of revenue over expenses in the periods in which they become known.

College of Dental Surgeons of Saskatchewan

Notes to the Financial Statements

For the year ended December 31, 2023

3. Accounts receivable

	2023	2022
Trade receivables	167,184	40,882
Other receivables	39,751	-
	206,935	40,882

4. Investments

	2023	2022
Measured at cost:		
Guaranteed Investment Certificates (maturity August 30, 2024, Interest rate 5.20%)	1,000,000	-
Measured at fair market value:		
Common shares (Cost - 2023 - \$10,529, 2022 - \$8,218)	46,957	37,956
Mutual funds (Cost - 2023 - \$224,866, 2022 - \$218,591)	218,752	201,032
	1,265,709	238,988

5. Tangible capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	51,645	44,388	7,257	7,008
Equipment	61,571	13,407	48,164	15,593
Leasehold improvements	293,260	36,469	256,791	1,366
	406,476	94,264	312,212	23,967

6. Accounts payable and accruals

	2023	2022
Trade payables	104,515	72,270
Goods and Services Tax payable	72	485
Payroll deductions payable	958	1,047
Vacation payable	9,156	5,253
	114,701	79,055

College of Dental Surgeons of Saskatchewan

Notes to the Financial Statements

For the year ended December 31, 2023

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:

	2023	2022
Balance, beginning of year	1,701,826	1,831,200
Amount received during the year	1,603,000	1,701,826
Less: Amount recognized as revenue during the year	(1,701,826)	(1,831,200)
Balance, end of year	1,603,000	1,701,826

8. Commitments

The Organization entered into an office lease commencing from November 2023 - October 2023, having a base rent of \$5,425 per month (annually - \$65,102), with total monthly payments of \$12,049, which includes operating expenses such as property tax, common area maintenance, utilities, storage and parking fees as per the Lease agreement. The Organization is also committed to paying various operating leases for office equipment expiring April 2024, which are included in the office equipment expense account on the statement of operations, having quarterly payments of \$1,465 (annually - \$5,861) plus applicable taxes.

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.

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 significant interest rate risk at the end of December 31, 2023.

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 and mutual funds 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.

10. Tenant lease inducement

The Organization has a lease agreement as disclosed in Note 8, that includes a lease inducement of \$159,222. This inducement is being amortized evenly over the term of the lease. Amortization in the current year was taken as \$nil.

11. Budget information

During the council meeting on January 13, 2023, the Council approved its operating budget for 2023 based on planned expenses and sources of expected revenue relating to the 2023 year. The budget balances have been attached for information purposes only and are unaudited.

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

For the year ended December 31, 2023

	2023 Budget (Unaudited)	2023	2022
Operating Revenue			
Access to care	5,000	-	9,000
Annual license fees	2,275,000	2,243,146	2,101,613
Corporate fees	20,000	-	17,900
Corporate permits	95,000	111,300	92,400
Fee guides	25,000	22,000	24,600
Fundraising	4,000	-	3,600
Other recoveries	10,000	3,890	1,209
Penalty and interest	-	-	200
Radiation safety binders	1,000	2,728	9,337
Registration fees	-	-	27,645
	2,435,000	2,383,064	2,287,504

DRAFT

College of Dental Surgeons of Saskatchewan
Schedule 2 - Saskatchewan Oral Health and Continuing Education Revenue

For the year ended December 31, 2023

	2023	2022
SOHP Revenue		
Course registration	151,855	45,644
Exhibitors	102,525	148,082
Sponsorship and advertising	62,851	79,682
	317,231	273,408

DRAFT