



## Financial Statements

College of Physicians and Surgeons of Nova  
Scotia

December 31, 2023

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# Independent auditor's report

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To the members of  
**College of Physicians and Surgeons of Nova Scotia**

## Opinion

We have audited the financial statements of College of Physicians and Surgeons of Nova Scotia (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows 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 College of Physicians and Surgeons of Nova Scotia 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 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.

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.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada  
March 22, 2024

Chartered Professional Accountants

# College of Physicians and Surgeons of Nova Scotia

## Statement of financial position

December 31 2023 2022

### Assets

#### Current

Cash and cash equivalents	\$	775,205		323,495
Short term investments (Note 3)		8,949,807		7,094,321
Dues and other receivables		184,857		32,582
Prepaid expenses		<u>130,594</u>		<u>111,681</u>
		<u>10,040,463</u>		<u>7,562,079</u>

Investments (Note 4)		4,847,428		4,423,812
Capital assets (Note 5)		<u>767,272</u>		<u>742,624</u>
	\$	<u>15,655,163</u>	\$	<u>12,728,515</u>

### Liabilities

#### Current

Payables and accruals	\$	617,094	\$	275,386
Deferred revenue		<u>7,255,781</u>		<u>6,010,075</u>
		<u>7,872,875</u>		<u>6,285,461</u>

Deferred lease inducement		133,994		149,455
Deferred contributions (Note 6)		<u>957,297</u>		-
		<u>8,964,166</u>		<u>6,434,916</u>

### Net assets

Internally restricted		4,847,429		4,423,812
Unrestricted		<u>1,843,568</u>		<u>1,869,787</u>
		<u>6,690,997</u>		<u>6,293,599</u>
	\$	<u>15,655,163</u>	\$	<u>12,728,515</u>

Commitments (Note 7)

On behalf of the Council

  
 \_\_\_\_\_ President

  
 \_\_\_\_\_ Registrar & CEO

# College of Physicians and Surgeons of Nova Scotia

## Statement of operations

Year ended December 31

	<u>Unrestricted</u>	Reserve <u>Fund</u>	<b>2023</b> <u>Total</u>	2022 <u>Total</u>
<b>Revenues</b>				
Licensing fees	\$ 6,917,313	\$ -	<b>\$ 6,917,313</b>	\$ 6,577,400
Professional incorporation fees	212,575	-	<b>212,575</b>	203,300
Other income	5,360	-	<b>5,360</b>	5,570
Contributions (Note 6)	362,747	-	<b>362,747</b>	-
Investment income	230,483	93,277	<b>323,760</b>	124,545
Change in fair value of investments	-	330,340	<b>330,340</b>	(527,052)
	<u>7,728,478</u>	<u>423,617</u>	<b><u>8,152,095</u></b>	<u>6,383,763</u>
<b>Expenditures</b>				
Administration	2,304,279	-	<b>2,304,279</b>	2,377,303
Communications	339,390	-	<b>339,390</b>	340,162
Council	179,216	-	<b>179,216</b>	205,283
Occupancy	557,762	-	<b>557,762</b>	537,509
Physician performance	747,162	-	<b>747,162</b>	779,877
Professional conduct	2,036,306	-	<b>2,036,306</b>	1,709,037
Registration	1,145,917	-	<b>1,145,917</b>	960,092
Welcome Collaborative (Note 6)	444,665	-	<b>444,665</b>	-
	<u>7,754,697</u>	<u>-</u>	<b><u>7,754,697</u></b>	<u>6,909,263</u>
Excess of revenues over expenditures (expenditures over revenues)	\$ (26,219)	\$ 423,617	<b>\$ 397,398</b>	\$ (525,500)

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# College of Physicians and Surgeons of Nova Scotia

## Statement of changes in net assets

Year ended December 31

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	<u>Unrestricted</u>	<u>Reserve Fund</u>	<u>2023 Total</u>	<u>2022 Total</u>
Net assets, beginning of year	\$ 1,869,787	\$ 4,423,812	\$ <b>6,293,599</b>	\$ 6,819,099
Excess of revenues over expenditures (expenditures over revenues)	<u>(26,219)</u>	<u>423,617</u>	<u><b>397,398</b></u>	<u>(525,500)</u>
Net assets, end of year	<u>\$ 1,843,568</u>	<u>\$ 4,847,429</u>	<u>\$ <b>6,690,997</b></u>	<u>\$ 6,293,599</u>

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# College of Physicians and Surgeons of Nova Scotia

## Statement of cash flows

Year ended December 31

2023

2022

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess of revenues over expenditures (expenditures over revenues)	\$ 397,398	\$ (525,500)
Amortization	151,396	156,416
Change in deferred lease inducement	(15,461)	7,324
Decrease in contributions	(362,747)	-
Change in fair value of investments	<u>(330,340)</u>	<u>527,052</u>
	(159,754)	165,292
Change in non-cash operating working capital:		
Short term investments	(1,855,486)	(152,370)
Dues and other receivables	(152,275)	(17,020)
Prepaid expenses	(18,913)	(35,116)
Payables and accruals	341,708	68,910
Deferred revenue	<u>1,245,706</u>	<u>170,687</u>
	(599,014)	200,383
<b>Investing</b>		
Purchases of long term investments, net of sales	(93,276)	(72,175)
Purchase of capital assets, net of disposals	(176,044)	(108,816)
Contributions received	<u>1,320,044</u>	<u>-</u>
	<u>1,050,724</u>	<u>(180,991)</u>
Net increase in cash and cash equivalents	451,710	19,392
Cash and cash equivalents		
Beginning of year	<u>323,495</u>	<u>304,103</u>
End of year	\$ <u>775,205</u>	\$ <u>323,495</u>



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# College of Physicians and Surgeons of Nova Scotia

## Notes to the financial statements

December 31, 2023

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### 1. Nature of operations

The College of Physicians and Surgeons of Nova Scotia (the "Organization") is a not-for-profit Organization, established under the Medical Act of Nova Scotia. The Organization serves as the licensing and regulatory body for the medical profession within the Province of Nova Scotia. The Organization is a registered non-profit under the Income Tax Act and accordingly is exempt from income taxes.

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### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant accounting policies are detailed as follows:

#### **Fund accounting**

The Organization's accounts are maintained in accordance with the principles of fund accounting. This method ensures observance of restrictions, if any, on the use of the Organization's resources by maintaining separate accounts for each fund.

The following provides a brief description of each fund group:

The Unrestricted fund accounts for the Organization's assets, liabilities, revenues and expenses related to the Organization's operations.

The Reserve Fund is an internally restricted fund, maintained to finance authorized or unanticipated expenses that may arise at any time. The goal of the Reserve fund is to approximate 60% of the Organization's annual budgeted expenditures. Investment revenues earned on relating to the Reserve Fund are recorded as revenue in this fund. Any expenditures or transfers from this fund require the approval of the Finance and Audit Committee and Council.

#### **Financial instruments**

##### *Initial measurement*

The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred. Financial instruments consist of cash and cash equivalents, dues and other receivables, short term and long term investments, and payables and accruals.

##### *Subsequent measurement*

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for short term and long term investments held, which are measured at fair value. The financial instruments measured at amortized cost are cash and cash equivalents, dues and other receivables, and payables and accruals.

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# College of Physicians and Surgeons of Nova Scotia

## Notes to the financial statements

December 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### **Financial instruments (continued)**

##### *Subsequent measurement (continued)*

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

The Organization's main financial instrument risk exposure is detailed as follows:

##### *Liquidity risk*

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

##### *Market risk*

Market risk refers to the impact on the Organization's cash flows due to fluctuations in interest rates and debt and equity markets. The primary risk exposures relate to investments held in foreign currencies, interest rate volatility, and equity market volatility. The Organization has formal policies and procedures in place governing asset mix and setting limits on the proportion of each asset class within the investment portfolios.

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

Cash and cash equivalents include cash on hand and balances on deposit with financial institutions.

#### **Investments**

Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as any investments in debt or equity securities that the Organization designated to be measured at fair value. Such designation must be made when the investment is initially recognized. This designation is irrevocable. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

The Organization holds long term investments in pooled funds, equities and long term bonds and records these at fair value. The change in fair value year-over-year is reflected in revenue and expense.

Investments in interest-bearing securities relating to the investment of temporary cash surpluses are measured at fair value.

Investments denominated in foreign currencies are translated using rates of exchange in effect at the statement of financial position date.

Short term investments held in money market funds, savings accounts and GICs are measured at fair value.

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# College of Physicians and Surgeons of Nova Scotia

## Notes to the financial statements

December 31, 2023

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### 2. Summary of significant accounting policies (continued)

#### Capital assets

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized using the following methods and rates:

Furniture and equipment	20%	declining balance
Computer database	30%	declining balance
Computer hardware and software	4 years	straight line
Leasehold improvements	13 years	straight line

#### Deferred revenue

Deferred revenue includes licensing fees, professional incorporation fees, and education fees relating to the period after December 31. The Organization invoices and collects annual fees in advance of the year to which the fees relate.

#### Deferred lease contribution

Free rent periods provided to the Organization are recorded on a straight line basis over the term of the lease.

#### Deferred contributions

Deferred contributions relates to government assistance received to cover a portion of expenses related to the Welcome Collaborative program's operating expenses. This amount is deferred until the period when the eligible operating expenses are incurred.

#### Revenues

The Organization follows the deferral method of accounting for contributions.

Licensing fees, professional incorporation fees, certificates of professional conduct and supervision fees are recognized as revenue from the related deferred amount over the period of licensure or the service provided when collection is reasonably assured. Contributions related to the Welcome Collaborative are recognized as eligible operating expenses are incurred. Investment income is recognized as revenue when earned. Recoveries of hearing expenses are recorded when received.

#### Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Items subject to significant management estimates include useful lives of capital assets and the fair market value of investments.

#### Allocation of expenses

The Organization records a number of its expenses by departments or programs. The costs of each program or department include the costs of personnel and other expenses that are directly related to the department or program.

# College of Physicians and Surgeons of Nova Scotia

## Notes to the financial statements

December 31, 2023

<b>3. Short term investments</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Money market funds, savings accounts and GICs	\$ <b><u>8,949,807</u></b>	\$ <b><u>7,094,321</u></b>

<b>4. Investments</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Fixed income securities and funds with yields between 0.250% and 3.44%, and maturities between April 2024 and March 2031	\$ <b><u>287,001</u></b>	\$ 348,479
Canadian equities and equity funds	<b><u>3,862,576</u></b>	3,429,878
US equities and equity funds	<b><u>265,633</u></b>	249,425
Other international equities	<b><u>317,057</u></b>	302,669
Cash	<b><u>115,161</u></b>	<u>93,361</u>
	<b><u>\$ 4,847,428</u></b>	<b><u>\$ 4,423,812</u></b>

<b>5. Capital assets</b>		<b><u>2023</u></b>	<b><u>2022</u></b>
	<b><u>Cost</u></b>	<b><u>Accumulated depreciation</u></b>	<b><u>Net book value</u></b>
Furniture and equipment	\$ 709,830	\$ 451,179	\$ 258,651
Computer hardware and software	896,486	671,836	224,650
Leasehold improvements	<u>434,308</u>	<u>150,337</u>	<u>283,971</u>
	<b><u>\$ 2,040,624</u></b>	<b><u>\$ 1,273,352</u></b>	<b><u>\$ 767,272</u></b>
			<b><u>\$ 742,624</u></b>

<b>6. Deferred contributions</b>		<b><u>2023</u></b>	<b><u>2022</u></b>
	<b><u>Contributions</u></b>	<b><u>Eligible operating expenses</u></b>	<b><u>Total</u></b>
Government funding	\$ <b><u>1,320,044</u></b>	\$ <b><u>362,747</u></b>	<b><u>\$ 957,297</u></b>
			<b><u>\$ -</u></b>

### 7. Commitments

The Organization leases office space and office equipment.

The leased office space expires August 31, 2032 and the annual basic rent and common area costs approximate \$595,000 .

Minimum payments required over the next five years including leased office space and equipment are as follows:

2024	\$ 617,000
2025	601,000
2026	606,000
2027	612,000
2028	618,000

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# College of Physicians and Surgeons of Nova Scotia

## Notes to the financial statements

December 31, 2023

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### 8. Pension plan

The Organization has a defined contribution pension plan in which programs are established to provide retirement income to employees. The Organization's policy is to fund these retirement plan costs as incurred. The current service costs are expensed in the year they are paid. During the year, the Organization contributed \$217,132 (2022 - \$226,826) to the pension plan.