Doane Grant Thornton

Financial Statements

College of Physicians and Surgeons of Nova Scotia

December 31, 2024

Contents

	Page
Independent auditor's report	1-2
Statement of financial position	3
Statement of operations	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to the financial statements	7-11

Doane Grant Thornton

Independent auditor's report

Doane Grant Thornton LLP
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068
www.DoaneGrantThornton.ca

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, 2024, 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, 2024, and its 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.

© Doane Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd.

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.

Doane Grant Thornton LLP

Halifax, Canada
March 21, 2025

Chartered Professional Accountants

Audit | Tax | Advisory
© Doane Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd.

College of Physicians and Surgeons of Nova Scotia
Statement of financial position

December 31	2024	2023
Assets		
Current		
Cash and cash equivalents	$ **2,943,849**	775,205
Short term investments (Note 3)	**8,790,812**	8,949,807
Dues and other receivables	**102,125**	184,857
Prepaid expenses	**192,919**	130,594
	12,029,705	10,040,463
Investments (Note 4)	**6,174,715**	4,847,428
Capital assets (Note 5)	**763,147**	767,272
	$ **18,967,567**	$ 15,655,163
Liabilities		
Current		
Payables and accruals	$ **666,404**	$ 617,094
Deferred revenue	**7,735,300**	7,255,781
Funds held for Physician Assessment Centre of Excellence	**2,383,516**	-
	10,785,220	7,872,875
Deferred lease inducement	**118,533**	133,994
Deferred contributions (Note 6)	**655,068**	957,297
	11,558,821	8,964,166
Net assets		
Unrestricted	**470,883**	1,843,568
Internally restricted		
Reserve fund	**6,174,716**	4,847,429
Invested in capital assets	**763,147**	-
	7,408,746	6,690,997
	$ **18,967,567**	$ 15,655,163

Commitments (Note 7)
Comparative figures (Note 9)

On behalf of the Council

_____ President

Gus Grant (Mar 26, 2025 05:51 ADT)
_____ Registrar & CEO

See accompanying notes to the financial statements.

College of Physicians and Surgeons of Nova Scotia
Statement of operations

Year ended December 31

	Unrestricted	Internally Restricted	**2024 Total**	2023 Total
Revenues				
Licensing fees	$ 8,292,261	$ -	**$ 8,292,261**	$ 6,917,313
Professional incorporation fees	217,975	-	**217,975**	212,575
Other income	6,355	-	**6,355**	5,360
Contributions (Note 6)	302,229	-	**302,229**	362,747
Assessment Centre consulting fees	11,546	-	**11,546**	-
Investment income	234,105	153,400	**387,505**	323,760
Change in fair value of investments	-	473,887	**473,887**	330,340
	9,064,471	627,287	**9,691,758**	8,152,095
Expenditures				
Administration	2,334,909	179,100	**2,514,009**	2,304,279
Communications	358,317	-	**358,317**	339,390
Council	215,322	-	**215,322**	179,216
Occupancy	552,771	-	**552,771**	557,762
Physician performance	917,073	-	**917,073**	747,162
Professional conduct	2,677,942	-	**2,677,942**	2,036,306
Registration	1,354,110	-	**1,354,110**	1,145,917
Welcome Collaborative (Note 6)	384,465	-	**384,465**	444,665
	8,794,909	179,100	**8,974,009**	7,754,697
Excess of revenues over expenditures	$ 269,562	$ 448,187	**$ 717,749**	$ 397,398

See accompanying notes to the financial statements.

College of Physicians and Surgeons of Nova Scotia
Statement of changes in net assets

Year ended December 31

	Unrestricted	Internally restricted Reserve	Invested in Capital Assets	**2024 Total**	2023 Total
Net assets, beginning of year	$ 1,843,568	$ 4,847,429	$ -	**$ 6,690,997**	$ 6,293,599
Transfers during the year	(1,467,272)	700,000	767,272	**-**	-
Purchase of capital assets, net	(174,975)	-	174,975	**-**	-
Excess (deficiency) of revenues over expenditures	269,562	627,287	(179,100)	**717,749**	397,398
Net assets, end of year	$ 470,883	$ 6,174,716	$ 763,147	**$ 7,408,746**	$ 6,690,997

See accompanying notes to the financial statements.

College of Physicians and Surgeons of Nova Scotia
Statement of cash flows

Year ended December 31

	2024	2023
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenditures	**$ 717,749**	$ 397,398
Amortization	**179,100**	151,396
Change in deferred lease inducement	**(15,461)**	(15,461)
Recognition of deferred contributions	**(302,229)**	(362,747)
Change in fair value of investments	**(473,887)**	(330,340)
	105,272	(159,754)
Change in non-cash operating working capital:		
Short term investments	**158,995**	(1,855,486)
Dues and other receivables	**82,732**	(152,275)
Prepaid expenses	**(62,325)**	(18,913)
Payables and accruals	**49,310**	341,708
Deferred revenue	**479,519**	1,245,706
	813,503	(599,014)
Investing		
Purchases of long term investments, net of sales	**(853,400)**	(93,276)
Purchase of capital assets, net of disposals	**(174,975)**	(176,044)
Contributions received	**-**	1,320,044
Funds held for		
Physician Assessment Centre of Excellence	**2,383,516**	-
	1,355,141	1,050,724
Net increase in cash and cash equivalents	**2,168,644**	451,710
Cash and cash equivalents		
Beginning of year	**775,205**	323,495
End of year	**$ 2,943,849**	$ 775,205

See accompanying notes to the financial statements.

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.

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. Funds that have limitations placed on their use by internal or external parties are classified as restricted.

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 **Invested in Capital Assets** is an internally restricted fund, containing the balance in capital assets less associated amortization.

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 75% of the Organization's annual budgeted expenditures. Investment revenues earned 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.

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.

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 and Physician Assessment Centre of Excellence'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. Consulting fee revenue is recognized as revenue when services are rendered to the Assessment Centre. 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.

3. Short term investments

	2024	2023
Money market funds, savings accounts and GICs	**$ 8,790,812**	$ 8,949,807

4. Investments

	2024	2023
Fixed income securities and funds with yields between 0.250% and 3.44%, and maturities between September 2025 and March 2031	**$ 238,722**	$ 287,001
Canadian equities and equity funds	**4,999,431**	3,862,576
US equities and equity funds	**352,831**	265,633
Other international equities	**352,306**	317,057
Cash	**231,425**	115,161
	$ 6,174,715	$ 4,847,428

5. Capital assets

	Cost	Accumulated depreciation	2024 Net book value	2023 Net book value
Furniture and equipment	$ 709,829	$ 504,086	**$ 205,743**	$ 258,651
Computer hardware and software	1,059,853	764,133	**295,720**	224,650
Leasehold improvements	445,917	184,233	**261,684**	283,971
	$ 2,215,599	$ 1,452,452	**$ 763,147**	$ 767,272

6. Deferred contributions

	Opening balance	Contributions	Eligible operating expenses	2024 Total
Welcome Collaborative	$ 957,297	$ -	$ 302,229	**$ 655,068**

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 $603,000. Leased office equipment expires January 2030 and the annual estimated costs are approximately $16,300.

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

2025	$ 619,000
2026	625,000
2027	631,000
2028	637,000
2029	643,000

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 $274,279 (2023 - $217,132) to the pension plan.

9. Comparative figures

Certain comparative figures have been adjusted to conform to changes in the current year presentation.