

# 2012 ANNUAL REPORT



COLLEGE OF  
PHYSICIANS & SURGEONS  
OF NOVA SCOTIA

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*Excellence in Medical Regulation*

# President's Report



**Elizabeth Mann, MD, FRCPC, FACP**

As I come to the end of my first year as College president, I have quickly come to recognize the challenge of trying to balance the professional and public expectations of our work. It has been extremely busy but also very gratifying to be involved in this process. I am pleased to report that the College has continued to improve its organizational efficiency while focusing more effectively on its mandate to license physicians, conduct peer review, investigate complaints and set high standards of practice.

Physicians in this province enjoy the privilege of professional self-regulation as spelled out in the Nova Scotia *Medical Act*. While the College exists to serve the public, it also has many significant obligations to its members. These include fiscal prudence, a fair and robust process for investigating and adjudicating complaints, member services that are straightforward and responsive, and member policies that recognize the challenges and realities of medical practice. I can attest that Council and College staff take these responsibilities very seriously. As we move forward to the proclamation of our new, revised Nova Scotia *Medical Act* and its attendant regulations, there will be improvements in how we achieve these obligations.

## **Improved organizational efficiency**

Despite its wide and growing range of obligations, the College was pleased to announce a \$100 reduction in member fees for the 2013 licence year. This reduction was largely made possible by improvements in efficiency. Dr. Gus Grant, who joined the College as Registrar and CEO in 2011, deserves much of the credit for these improvements, as does the College's tremendously dedicated staff.

## **MedCAP**

A commitment to maintaining and enhancing competence and practice performance is a pillar of medical professional self-regulation. Under the direction of Council, the College has recently established the Medical Education Continuing Action Plan (MEdCAP), which will record members' participation in the continuing professional development (CPD) programs of either the College of Family Physicians of Canada (CFPC) MAINPRO Program or the Royal College of Physicians and Surgeons of Canada (RCPSC) Maintenance of Competence (MOC) Program. MEdCAP fulfills the College's obligation under the forthcoming new Nova Scotia Medical Act to establish a professional development program.

Demonstration of ongoing CPD is now required within most licensed professions in Canada. There is agreement among all Canadian jurisdictions to move toward mandatory participation by physicians in CPD. Programs similar to MEdCAP have been introduced by several other Canadian medical licensing authorities, including those in British Columbia, Saskatchewan, Manitoba, and Ontario.

MEdCAP does not involve extra work for physicians who are already involved in CPD through the CFPC or the RCPSC. It also does not require membership in CFPC or RCPSC because both organizations offer non-member CPD streams.

## **NSPAR**

The College is committed to promoting a culture of ongoing quality improvement in medical practice. The Nova Scotia Physician Achievement Review (NSPAR) supports this commitment by encouraging self-directed professional development and practice improvement. NSPAR uses a multi-source feedback process to give physicians detailed and confidential information about their practice. This information is intended to help physicians improve their medical practices and identify targeted CPD opportunities. Most physicians will receive a report for their own consideration, in a confidential fashion.

The NSPAR process is confidential and meant solely to help physicians. Approximately ten percent of assessed physicians may require or request practice improvement and/or professional development assistance based on their NSPAR assessment. This assistance is usually conducted on the phone and occasionally accompanied by a practice visit with an experienced physician. It is gratifying to see the dedication of our program advisors and practice visitors. Their follow-up is designed to be helpful and formative and is not intended to identify "under-performing" physicians. The Practice Improvement Committee also reviews highly rated reports to learn more about factors contributing to exemplary medical practice. These "practice pearls" appear in the newsletter and on the website.

## CAPP

The College's Clinician Assessment for Practice Program (CAPP) assesses international medical graduates (IMGs) who believe they are capable of entering family practice without additional residency training. It includes both a robust written and oral OSCE-type evaluation. CAPP is intended to provide medical services to underserved areas of Nova Scotia while providing an important opportunity to IMG physicians seeking to practise in Canada. During its eight-year history, CAPP has done a truly impressive job. To date, the program has assessed 291 candidates; 63 of whom have been deemed eligible for a defined license in Nova Scotia. These physicians have undertaken supervised practice in a number of communities across the province, and most have succeeded in attaining the CCFP designation.



## Policy and Standards

As mandated under the Nova Scotia *Medical Act*, the College's Policy and Standards Committee develops ethical and practice standards for its members. Thanks to the committee's hard work over the past several years, the College now has a solid body of member policies and guidelines that cover areas such as professional ethics, patient relations and prescribing practices. The committee has taken great pains to make these documents as concise and physician-friendly as possible.



A particularly notable recent addition is the College's Methadone Maintenance Treatment Handbook, which was developed by a committee of local experts in pain control and addiction medicine. The handbook is widely regarded as one of the best documents of its kind, and exemplifies the College's commitment to developing meaningful and appropriate policy for its members. With the assistance of Doctors Nova Scotia, we are also in the process of revising the Guidelines for Medical Record-Keeping to reflect legislated changes under the recently introduced Nova Scotia *Personal Health Information Act* (PHIA).

## Registration and Licensing

Following the 2010 discovery of numerous misread CT scans and ultrasounds that led indirectly to the death of at least one patient, the British Columbia government commissioned a report by Mr. Douglas Cochrane, a respected expert on patient safety. Issued in two parts over 2011 and 2012, the Cochrane Report focused on the state of specialist medical credentialing and quality assurance within BC.

Mr. Cochrane found that the privileging and credentialing processes within BC Health authorities were inadequate to protect the public from physicians entering into a scope of practice for which they are not competent, and that the essential communication between the BC College's licensing function and the health authorities' privileging functions was inadequate.

Similar situations involving diagnostic imaging and pathology have occurred in several Canadian provinces in recent years. Fortunately, no such situation has occurred in Nova Scotia. Nevertheless, the College, the District Health Authorities (DHAs) and the Department of Health and Wellness have decided to implement the recommendations of the Cochrane Report to limit the possibility of a similar situation occurring here. Other Canadian jurisdictions are implementing or considering similar actions.

While the specifics and timelines for the upcoming Nova Scotia changes are still being worked out, it has been agreed that serious consideration will be given to the needs of physicians. The College will update its members as this project progresses.

The College is a key participant in another national initiative. By mid-2013, we will join a pilot project to test a nation-wide online system for initial licensure. This system is expected to simplify the licensure process for initial applicants while improving the quality of licensing information we receive.

## The future

Under the direction of Council, the College will shortly develop a strategic plan that will guide our operations for the next two years. To prepare for this, we have undertaken a significant amount of research and consultation with our members and stakeholders. We are grateful for feedback, both positive and negative which will help to inform this strategic plan. I fully expect that the plan will focus on fundamentals, while enabling the College to deal with current and emerging issues in a manner that is cost-effective and supportive of our mandate.

I want to thank my colleagues on Council for the generous support they have given me since taking office. I look forward to another year of working with them on behalf of the public and the medical profession in this province. I also wish to express my thanks to the Registrar and College staff for their support in achieving our goals.

Elizabeth Mann, MD

President, College of Physicians and Surgeons of Nova Scotia

# College Council and Committees

As of December 31, 2012

## **Council**

Dr. Elizabeth Mann (President, District 5)  
Dr. Fiona Bergin (District 5)  
Dr. William Stanish (District 5)  
Dr. Farokh Buhariwalla (District 1)  
Dr. Zachary Fraser (District 5)  
Mr. Allan Green, Q.C. (Public Member)  
Ms. Gwen Haliburton (Public Member)  
Ms. Mary Hamblin (Public Member)  
Dr. Brian Moses (District 3)  
Mr. Douglas Lloy (Public Member)  
Dr. James MacLachlan (District 2)  
Dr. Ethel G. Cooper-Rosen (Ex-Officio)  
Dr. Gisele Marier (Doctors Nova Scotia Appointee)  
Dr. Keri McAdoo (District 4)  
Dr. Preston Smith (Dalhousie University Faculty of Medicine Appointee)  
Dr. Matthew Hudson (PARI-MP Representative)

## **Executive Committee**

Dr. Elizabeth Mann (President), Chair  
Dr. James MacLachlan (President-Elect)  
Dr. Keri McAdoo  
Dr. Ethel Cooper-Rosen (Ex-Officio)  
Dr. Farokh Buhariwalla  
Dr. Zachary Fraser  
Ms. Mary Hamblin (Public Member)  
Dr. Preston Smith (Dalhousie Appointee)

## **Finance Committee**

Dr. James MacLachlan, Chair  
Dr. Farokh Buhariwalla  
Dr. Elizabeth Mann  
Mr. Allan Green, Q.C. (Public Member)

## **Policy and Standards**

Ms. Mary Hamblin (Public Member), Chair  
Dr. Elizabeth Mann  
Dr. Ethel Cooper-Rosen (Ex-Officio)  
Dr. James MacLachlan  
Dr. Fiona Bergin  
Dr. Zachary Fraser

## **Credentials Committee**

Dr. Farokh Buhariwalla, Chair  
Dr. Elizabeth Mann  
Dr. Ethel Cooper-Rosen (Ex-Officio)  
Dr. Preston Smith (Dalhousie Appointee)  
Dr. Paul Murphy  
Mr. Doug Lloy (Public Member)

## **Investigation Committee "A"**

Dr. Zachary Fraser, Chair  
Dr. Scott Theriault  
Dr. John Clark  
Dr. Gisele Marier (Doctors NS Appointee)  
Ms. Gwen Haliburton (Public Member)

## **Investigation Committee "B"**

Dr. Keri McAdoo, Chair  
Dr. Andrew Harris  
Dr. Brian O'Brien  
Ms. Mary Hamblin (Public Member)  
Dr. Brian Moses

## **Investigation Committee "C"**

Dr. James MacLachlan, Chair  
Dr. William Stanish  
Dr. Heather Robertson  
Dr. Fiona Bergin  
Mr. Doug Lloy (Public Member)

## **Nominating Committee**

Dr. Elizabeth Mann, Chair  
Dr. James MacLachlan  
Dr. Fiona Bergin  
Mr. Allan Green, Q.C. (Public Member)

## **Practice Improvement Committee**

Dr. Preston Smith (Dalhousie Appointee), Chair  
Dr. Elizabeth Mann  
Dr. Vonda Hayes  
Dr. Joan Sargeant  
Dr. Stewart Cameron  
Dr. Michael Cussen  
Dr. Michel Chiasson  
Dr. Maria Alexiadis  
Mr. Allan Green, Q.C. (Public Member)

## **CAPP Clinical Examination Review Committee**

Dr. Fiona Bergin, Chair  
Dr. Gisele Marier  
Ms. Gwen Haliburton (Public Member)

## **Representatives to the Medical Council of Canada**

Dr. D.A. (Gus) Grant (Registrar and CEO)  
Dr. William Lowe (Deputy Registrar)

## **Auditor**

KPMG

# Physician Resource Statistics and Obituaries

As of December 31, 2012

Type of Registration	
Full Register	2176
Defined Register	225
Temporary Register	85
<b>Total</b>	<b>2486</b>
<hr/>	
<b>Specialists</b>	<b>1292</b>
<b>Non-Specialists</b>	<b>1194</b>

Place of Graduation	
Dalhousie University	1134
Other Canadian universities	611
U.S. universities	37
All other universities	704

Physician Location			
Annapolis	31	Inverness	18
Antigonish	67	Kings	159
Cape Breton	241	Lunenburg	90
Colchester	98	Pictou	85
Cumberland	56	Queens	16
Digby	13	Richmond	6
Guysborough	7	Shelburne	10
Halifax	1477	Victoria	8
Hants	41	Yarmouth	63

In Memoriam
BEAZLEY, Ronald William
BUFFETT, Lawrence MacKinnon
CARSLEY, Holly
CLEVELAND, Eric Joseph
CRAWFORD, Thomas Russell
CROSBY, Barbara Lynn
DURLING, Ronald Reginald
EATON, Richard Derek P.
HENDERSON, Erland Edgar
MAUDSLEY, Robert Frederick
NIXON, Murray Dunlap
VAUGHAN, Eric Garth

## Investigations Statistics

as of December 31 each year

### Complaints by Category: 2008-2012

Category	2008	2009	2010	2011	2012
Quality of care	129	127	146	188	171
Communication	23	19	22	24	14
Systemic issues	0	1	1	0	2
Impaired physician	2	4	8	6	2
Third-party medical information	5	6	5	0	11
Ethics	26	23	31	38	50
Medical reporting	2	4	9	11	11
Practice management	4	2	3	11	17
Unclassified - All others	3	3	2	1	1

### Complaint Outcomes: 2008-2012

Outcome	2008	2009	2010	2011	2012
Dismissed	125	103	68	94	98
Counselled	22	33	10	36	27
Cautioned	12	13	14	18	21
Caution / Counsel	6	2	2	2	3
Reprimand with consent	1	1	1	6	1
Referred to Hearing	1	2	4	9	7
Open	20	33	120	107	116
Closed - Physician Retired	0	0	0	3	0

# Hearing Committee Decision and Consensual Reprimand Summaries

*Issued between January 1, 2012 and May 23, 2013*

In accordance with section 81(1) of the Nova Scotia *Medical Act*, the College publishes summaries of Hearing Committee Decisions and Consensual Reprimands in each year's annual report. The relevant section in the act states: "Subject to any publication bans, the College shall publish a hearing committee's decision or summary of the decision in its annual report and may publish the decision or summary in any other publication."

Complete and up-to-date information about Hearing Committee Decisions and Consensual Reprimands is available at: [www.cpsns.ns.ca/DisciplinaryDecisions.aspx](http://www.cpsns.ns.ca/DisciplinaryDecisions.aspx).

## **Dr. Carlo Glorioso Carandang, Halifax (Consensual Reprimand)**

**October 19, 2012**

Pursuant to Section 53 (12) of the Nova Scotia *Medical Act*, Dr. Carlo Glorioso Carandang consented to a reprimand and conditions issued by an Investigation Committee of the College. In agreeing to the consensual reprimand, Dr. Carandang admitted that he solicited and paid for sexual services. He agreed to a number of conditions, including continued regular attendance at Sex Addicts Anonymous (including having a sponsor), continued long-term psychotherapy as recommended by his treating psychologist and psychiatrist, and practice in a group setting including at least one psychiatrist. As the holder of a defined licence, he must continue to work with a College-approved sponsor and mentor.

## **Dr. Javed Ali, Sydney (Hearing Committee Decision)**

**June 5, 2012**

Pursuant to Section 57 of the Nova Scotia *Medical Act*, a Hearing Committee of the College accepted a Settlement Agreement advanced by the College and Dr. Javed Ali, and recommended by an Investigation Committee. The allegations in this agreement pertain to Dr. Ali's failure to establish and maintain appropriate professional boundaries due to his involvement in the psychiatric care of a family member. Dr. Ali admitted to the following allegations: Ignoring a physician's order that admitted the family member to hospital; prescribing and providing prescription medications inappropriately; and misleading the Investigation Committee during its investigation. In its decision, the Committee imposed a one-month suspension on his medical licence (applying to all aspects of his practise with the exception of treating his opioid-dependent patients), and a requirement that he pay \$3,000 toward the cost of investigating and resolving the complaint.

## **Dr. Bolarinwa Oluwole, Yarmouth (Hearing Committee Decision)**

**October 26, 2012**

Pursuant to Section 57 of the Nova Scotia *Medical Act*, a Hearing Committee of the College accepted a Settlement Agreement advanced by the College and Dr. Bolarinwa Oluwole, and recommended by an Investigation Committee. The allegations in this agreement pertain to Dr. Oluwole's violation of physician/patient boundaries by engaging in acts of sexual misconduct, exchanging gifts, and keeping inappropriate material of a sexual nature in his office. It was agreed that Dr. Oluwole's licence to practise medicine be revoked immediately, and that his name be stricken from the medical register.

Financial Statements of

**COLLEGE OF PHYSICIANS AND  
SURGEONS OF NOVA SCOTIA**

Years ended December 31, 2012 and 2011



**KPMG LLP**  
**Chartered Accountants**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Members of the College of Physicians and Surgeons of Nova Scotia

We have audited the accompanying financial statements of the College of Physicians and Surgeons of Nova Scotia, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and notes, comprising 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 audits. We conducted our audits 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 our 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, we consider 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.





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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the College of Physicians and Surgeons of Nova Scotia as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single, long, horizontal stroke that tapers at both ends.

Chartered Accountants  
March 22, 2013  
Halifax, Canada

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

## Statements of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
			(note 15)
<b>Assets</b>			
Current assets:			
Cash	\$ 944,747	\$ 565,799	\$ 821,396
Short-term investments (note 2)	2,359,059	2,977,096	2,552,348
Dues and other receivables	1,877,986	1,365,396	1,116,384
Prepaid expenses	55,786	49,266	22,388
	<u>5,237,578</u>	<u>4,957,557</u>	<u>4,512,516</u>
Investments (note 3)	2,157,747	2,117,371	2,000,646
Capital assets (note 4)	519,675	643,193	619,330
	<u>\$ 7,915,000</u>	<u>\$ 7,718,121</u>	<u>\$ 7,132,492</u>
<b>Liabilities and Net Assets</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 195,458	\$ 406,739	\$ 186,105
Deferred revenue	4,319,707	4,498,950	4,139,755
Current portion of obligation under capital lease (note 5)	56,018	51,992	48,255
	<u>4,571,183</u>	<u>4,957,681</u>	<u>4,374,115</u>
Long-term liabilities:			
Obligation under capital lease (note 5)	69,882	125,901	177,898
Deferred lease inducement	20,634	23,850	27,066
	<u>4,661,699</u>	<u>5,107,432</u>	<u>4,579,079</u>
Net assets:			
Internally restricted (note 8)	2,157,747	2,117,371	2,000,646
Unrestricted	1,095,554	493,318	552,767
	<u>3,253,301</u>	<u>2,610,689</u>	<u>2,553,413</u>
Commitments (note 9)			
	<u>\$ 7,915,000</u>	<u>\$ 7,718,121</u>	<u>\$ 7,132,492</u>

See accompanying notes to financial statements.

On behalf of the Council:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

## Statements of Operations

Years ended December 31, 2012 and 2011

	2012	2011
<b>Revenue:</b>		
Licensing fees	\$ 4,697,202	\$ 4,444,861
Certificates of professional conduct	36,595	35,400
Professional incorporation fees	168,600	162,650
Other income	1,820	2,653
Investment income	31,962	24,748
CAPP Program (note 6)	395,690	422,205
Review of qualifications	50,325	36,460
	<u>5,382,194</u>	<u>5,128,977</u>
<b>Expenses:</b>		
Council	210,477	304,660
Investigations	879,827	1,069,253
Administration	1,659,860	1,912,036
Occupancy	332,960	257,647
Communications and policy	235,319	225,462
NSPAR program	302,580	354,380
CAPP program	370,131	357,725
Registration	788,804	707,263
	<u>4,779,958</u>	<u>5,188,426</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 602,236</b>	<b>\$ (59,449)</b>

See accompanying notes to financial statements.

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

## Statement of Changes in Net Assets

Years ended December 31, 2012 and 2011

December 31, 2012	Internally Restricted	Unrestricted	Total
Balance, beginning of year	\$2,117,371	\$ 493,318	\$ 2,610,689
Excess of revenue over expenses	-	602,236	602,236
Investment income	88,413	-	88,413
Fair value adjustment	(48,037)	-	(48,037)
Balance, end of year	\$2,157,747	\$1,095,554	\$ 3,253,301

December 31, 2011	Internally Restricted	Unrestricted	Total
Balance, beginning of year	\$2,000,646	\$ 552,767	\$ 2,553,413
Deficiency of revenue over expenses	-	(59,449)	(59,449)
Investment income	87,236	-	87,236
Fair value adjustment	29,489	-	29,489
Balance, end of year	\$2,117,371	\$ 493,318	\$ 2,610,689

See accompanying notes to financial statements.

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

## Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 602,236	\$ (59,449)
Items not involving cash:		
Amortization of capital assets	183,129	203,967
Amortization of deferred lease inducements	(3,216)	(3,216)
Change in non-cash operating working capital		
Short-term investments	618,037	(424,748)
Dues receivable	(512,590)	(249,012)
Prepaid expenses	(6,520)	(26,878)
Accounts payable and accrued liabilities	(211,281)	220,634
Deferred revenue	(179,243)	359,195
	490,552	20,493
Financing activities:		
Principal payments under capital lease obligation	(51,993)	(48,260)
Investing activities:		
Purchase of capital assets	(59,611)	(227,830)
Net increase (decrease) in cash	378,948	(255,597)
Cash, beginning of year	565,799	821,396
Cash, end of year	\$ 944,747	\$ 565,799

See accompanying notes to financial statements.

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements

Years ended December 31, 2012 and 2011

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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.

On January 1, 2012, the Organization adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook. These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Organization has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenditures is provided in note 12.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CICA Handbook.

### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include annual license fees, professional incorporation fees, and medical educational license fees for the subsequent year.

Throughout the current year, annual license fees, professional incorporation fees, certificates of professional conduct, CAPP program and review of qualifications revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, when the services are provided and collection is reasonably assured. Investment income is recognized as revenue when earned. Recoveries of hearing expenses are recorded when received.

### (b) Cash:

Cash includes cash on hand and amounts on deposit with financial institutions.

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

### (c) Capital assets:

Purchased capital assets are recorded at cost. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. 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:

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Furniture and equipment	diminishing balance	20%
Computer hardware and software	diminishing balance	30%
Leasehold improvements	straight-line	15 years
Equipment under capital leases	straight-line	66 months

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### (d) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

### (e) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) 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 Financial Statements (continued)

Years ended December 31, 2012 and 2011

## 2. Short-term investments:

	December 31, 2012	December 31, 2011	January 1, 2011
Canadian Western Bank guaranteed investment certificate, bearing interest at 1.85% and matures August 30, 2012	\$ -	\$ 125,000	\$ -
Home Trust Company guaranteed investment certificate, bearing interest at 1.75% and matures August 30, 2012	-	125,000	-
Canadian money market mutual funds	1,605,059	2,022,255	-
Canadian short term notes and equivalents	254,000	-	-
Canadian fixed income medium term instruments	500,000	-	-
Cash balance	-	704,841	-
Scotia Premium T-Bill Fund	-	-	2,552,348
	<b>\$ 2,359,059</b>	<b>\$ 2,977,096</b>	<b>\$2,552,348</b>

## 3. Investments:

	December 31, 2012	December 31, 2011	January 1, 2011
Fixed income:			
Province of British Columbia, maturing August 23, 2013, with yield to maturity of 8.5% and face value of \$69,000	\$ 72,215	\$ 77,170	\$ 80,375
Province of British Columbia, maturing June 9, 2014, with yield to maturity of 7.5% and face value of \$78,000	79,455	83,933	85,471
Province of Quebec, maturing September 2, 2011 with yield to maturity of 9.5% and face value of \$69,000	-	-	72,616
Province of Quebec, maturing October 1, 2012 with yield to maturity of 6.0% and face value of \$81,000	-	83,917	86,804
Province of New Brunswick, maturing February 4, 2015, with yield to maturity of 4.5% and face value of \$88,000	93,665	96,293	94,672
Government of Canada, maturing September 2, 2011, with yield to maturity of 3.75% and face value of \$110,000	-	-	111,761
Province of Nova Scotia, maturing August 18, 2016 with yield to maturity of 4.8% and face value of \$120,000	132,289	135,294	129,864

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

## 3. Investments (continued):

	December 31, 2012	December 31, 2011	January 1, 2011
Province of Ontario, maturing September 8, 2014 with yield to maturity of 3.25% and face value of \$300,000	309,693	315,306	308,283
Province of Manitoba, maturing December 3, 2014, with yield to maturity of 4.8% and face value of \$270,000	287,777	296,927	293,088
Province of Manitoba, maturing March 1, 2016, with yield to maturity of 4.3% and face value of \$82,000	89,013	90,925	87,754
Province of Ontario, maturing June 2, 2013 with yield to maturity of 4.75% and face value of \$283,000	287,251	297,144	301,053
Province of Nova Scotia, maturing November 25, 2019 with yield to maturity of 4.15% and face value of \$290,000	323,704	322,552	299,544
Hydro One Incorporated, maturing September 11, 2015 with yield to maturity of 2.95% and face value of \$89,000	91,941	92,084	-
Home Trust Company, maturing September 3, 2013 with yield to maturity of 2.0% and face value of \$195,000	195,000	195,000	-
Manulife Bank GIC, maturing September 28, 2016 with yield to maturity of 2.4% and face value of \$100,000	100,000	-	-
HSBC Trust Company, maturing June 19, 20117 with yield to maturity of 2.6% and face value of \$70,000	70,000	-	-
Investments in T-Bills	-	-	49,361
Cash	25,744	30,825	-
	<b>\$ 2,157,747</b>	<b>\$ 2,117,371</b>	<b>\$2,000,646</b>

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

## 4. Capital assets:

December 31, 2012	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 576,397	\$ 509,681	\$ 66,716
Computer hardware and software	939,066	654,186	284,880
Leasehold improvements	65,786	14,748	51,038
Equipment under capital leases	286,101	169,060	117,041
	<u>\$ 1,867,350</u>	<u>\$ 1,347,675</u>	<u>\$ 519,675</u>

December 31, 2011	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 568,811	\$ 493,950	\$ 74,861
Computer hardware and software	887,041	543,242	343,799
Leasehold improvements	65,786	10,312	55,474
Equipment under capital leases	286,101	117,042	169,059
	<u>\$ 1,807,739</u>	<u>\$ 1,164,546</u>	<u>\$ 643,193</u>

January 1, 2011	Cost	Accumulated amortization	Net book value
Furniture and equipment	\$ 545,004	\$ 478,211	\$ 66,793
Computer hardware and software	683,018	411,469	271,549
Leasehold improvements	65,786	5,876	59,910
Equipment under capital leases	286,101	65,023	221,078
	<u>\$ 1,579,909</u>	<u>\$ 960,579</u>	<u>\$ 619,330</u>

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

## 5. Obligation under capital lease:

The Organization has an obligation under capital lease bearing interest at 7.53%, requiring quarterly payments of \$15,985 including principal and interest to March 2015. The obligation is secured by specific equipment with a net book value of \$117,041.

	December 31, 2012	December 31, 2011	January 1, 2011
2011	\$ -	\$ -	\$ 63,940
2012	-	63,940	63,940
2013	63,940	63,940	63,940
2014	63,940	63,940	63,940
2015	9,705	9,705	9,705
Total minimum lease payments	137,585	201,525	265,465
Less amount representing interest	11,685	23,632	39,312
Present value of capital lease payments	125,900	177,893	226,153
Less current portion	56,018	51,992	48,255
	\$ 69,882	\$ 125,901	\$ 177,898

## 6. Government funding:

During the year, the Organization received \$200,000 (2011 – 200,000, January 1, 2011 - \$200,000) of funding from the Department of Health for use in administering the Clinician Assessment for Practice Program.

## 7. Grants:

The Organization awarded the following grants:

	December 31, 2012	December 31, 2011	January 1, 2011
Dalhousie Continuing Medical Education	\$ 5,800	\$ 5,800	\$ 5,800
W.K. Kellogg Health Sciences Library	2,000	2,000	2,000
Medical History Society of Nova Scotia	4,000	4,000	4,000
Medical Humanities	2,000	2,000	-
Canadian Medical Hall of Fame	3,500	2,500	-
Dalhousie Ambassador Program	5,000	5,000	-
Dr. Robert F. Maudsley Research Grant	-	2,000	-
FMRAC National Registration	-	4,453	4,453

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

## 7. Grants (continued):

	December 31, 2012	December 31, 2011	January 1, 2011
John Stewart Memorial Scholarship	2,000	-	2,000
Discovery Days in Health Sciences	2,500	-	2,500
Healthcare Safety Symposium	-	-	2,500
	<b>\$ 26,800</b>	<b>\$ 27,753</b>	<b>\$ 23,253</b>

## 8. Restrictions on net assets:

Effective 1996, the Organization began following a policy of appropriating surplus for future commitments. Surplus is now allocated based on expected future use. Unrestricted net assets are available for future general use of the Organization. Internally restricted net assets are funds for which the Council has internally restricted for the purpose of covering expenditures in excess of the Organization's operating budget. This internally restricted fund is not available for other purposes without the approval of the Finance Committee.

## 9. Commitments:

- (a) The Organization has entered into a long-term lease for office space. The lease expires April 29, 2019 and the annual basic rent and common costs is \$282,990. There is an option to extend the lease for a further five years at an annual rental amount to be negotiated.
- (b) The Organization has entered into a three year agreement, covering the period January 1, 2011 to December 31, 2013, with an arm's length party to administer, distribute, supervise, compile and tabulate the results of questionnaire surveys for the NSPAR program. The annual costs to be paid include administration costs of \$54,810 plus a fee for each selected physician started in the NSPAR survey process. The terms of the agreement allow for these fees to increase with the annual inflation rate in Alberta each year.

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 10. Financial risks and concentration of credit risk:

### (a) 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. There has been no change to the risk exposures from 2011.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the dues receivable, short-term investments and investments. The Organization assesses, on a continuous basis, dues receivable and provides for any amounts that are not collectible. Short-term investments and investments are invested with large financial institutions. The Organization does not believe that it is subject to any significant concentration of credit risk from its members.

### (c) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 3.

## 11. Pension Plan:

The Organization has a defined contribution 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 expenses in the year they are paid.

# COLLEGE OF PHYSICIANS AND SURGEONS OF NOVA SCOTIA

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 12. Transitional adjustments:

(a) Net assets:

The following table summarizes the impact of the transition to Not-for-profit standards on the Organization's net assets as of January 1, 2011:

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Net assets:

As previously reported under Canadian generally accepted accounting principles, December 31, 2010	\$2,523,816
Transition adjustment to record investments at fair value (i)	29,597

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Restated, January 1, 2011	\$2,553,413
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On transition to Not-for-profit standards, the Organization required the following adjustment:

(i) Fair value:

Investments are recorded at fair value under Not-for-profit standards, the Organization previously classified investments as held-for-maturity and were measured at amortized cost.



COLLEGE OF  
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