

**ROYAL COLLEGE OF DENTAL SURGEONS OF ONTARIO**

**MINUTES OF THE 407th MEETING OF COUNCIL**

**Thursday, May 14, 2015**

**DoubleTree by Hilton Toronto Hotel, 108 Chestnut Street, Toronto**

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The 407th Meeting of the Council of the Royal College of Dental Surgeons of Ontario was held on Thursday, May 14, 2015.

**ATTENDANCE:**

Mr. Derry Millar, Chair

Council Members:

*Elected Representatives:*

Dr. Elizabeth MacSween	District 1
Dr. Benjamin Lin	District 2
Dr. Lisa Kelly	District 3
Dr. Randy Lang	District 4
Dr. Lawrence Davidge	District 5
Dr. Cam Witmer	District 7
Dr. Ronald Yarascavitch, President	District 8
Dr. Richard Hunter	District 9
Dr. Flavio Turchet	District 10
Dr. Robert Carroll	District 11

*University Representatives:*

Dr. Harinder Sandhu, University of Western Ontario

Dr. David Mock, University of Toronto

*Lieutenant-Governor-in-Council Representatives:*

Ms. Kelly Bolduc-O'Hare

Mr. Ted Callaghan

Ms. Susan Davis

Ms. Beth Deazeley

Mr. Manohar Kanagamany

Ms. Catherine Kerr

Dr. Edelgard Mahant

Ms. Marianne Park

Mr. Jose Saavedra

Mr. Abdul Wahid

*Regrets:*

Dr. David Segal	District 12
Dr. Joseph Stasko	District 6

*Legal Counsel:*

Mr. Alan Bromstein

*Royal College of Dental Surgeons of Ontario Staff:*

Ms. René Brewer, Director, Professional Liability Program  
Mr. Irwin Fefergrad, Registrar  
Dr. Michael Gardner, Manager, Quality Assurance  
Mr. Robert Lees, Manager, Registration  
Ms. Lori Long, Manager, Professional Conduct and Regulatory Affairs  
Mr. Greg Moors, Director, Finance, Property and Administration  
Ms. Olga Papolis, Executive Assistant  
Ms. Diana Rickford, Communications Officer  
Ms. Angie Sherban, Executive Assistant  
Ms. Dayna Simon, Counsel, Regulatory Affairs  
Dr. Chris Swayze, Supervising Dental Consultant  
Ms. Brenda Waddington, General Manager, Operations & Facilities  
Ms. Julie Wilkin, Assistant Manager, Registration

**1. CALL TO ORDER**

The Chair called the meeting to order at 9:00 a.m.

**2. ADOPTION OF AGENDA**

The agenda was adopted, as circulated.

**MOTION:**

**THAT the agenda for the 407<sup>th</sup> Meeting of Council be adopted, as circulated.**

**CARRIED**  
*(Unanimously)*

**3. ROLL CALL**

Mr. Fefergrad conducted the roll call. 22 Council members were in attendance and a quorum was declared.

**4. REMARKS/CHAIR**

Mr. Millar welcomed members of Council, staff, guests and observers to the meeting.

**5. REMARKS/PRESIDENT**

Dr. Yarascavitch welcomed Council, guests and staff to the first official Council meeting for 2014-2015. He reported that statutory and standing committee members attended orientation sessions in preparation for their work over the next two years.

Dr. Yarascavitch welcomed Ms. Susan Davis as a newly-appointed public member of Council and presented her with a College lapel pin.

It was reported that since last fall, the Ontario Minister of Health and Long-Term Care, the Honourable Dr. Eric Hoskins, has moved decisively on a number of issues which has resulted in a number of significant submissions from the College on how it operates in an open and accessible way and is transparent to the public. The first submission was delivered to the Minister in November, in January there was a report presented on the role of the Patient Relations Committee and the College's efforts to prevent sexual abuse of patients, and there was also a report delivered to the Minister's Sexual Abuse Task Force (SATF) on March 3, 2015 dealing with the prevention of sexual abuse of patients and the *Regulated Health Professions Act*.

The SATF requested information from the College, as well as a ten-year review of complaints dealing with sexual abuse and/or boundary issues. This initiative proved to be an onerous task and very time-consuming for staff. In early April, the Registrar and some staff met with the SATF in-person and answered questions directly. Dr. Yarascavitch recognized the heavy workload placed on staff and, on behalf of Council, he thanked those staff members that were involved in compiling the information for the submissions.

Dr. Yarascavitch reported on the results of the provincial survey conducted by POLLARA Insights on the prescribing practices of dentists in the treatment of acute and chronic pain. In 2015, Council directed that the College engage POLLARA to undertake this survey and work with the working group appointed by the Quality Assurance Committee. The results of the survey were good news for the profession and the public in that there is not over prescribing of narcotics within the dental practice. This information will also assist the Quality Assurance

Committee in its discussions about future educational programs and the proposed new guidelines on the role of opioids in the management of acute and chronic pain.

Dr. Yarascavitch reported on the work of the Canadian Centre on Substance Abuse and the work that is being done around prescription drug abuse.

## **6. REMARKS/REGISTRAR**

Mr. Fefergrad welcomed everyone to the meeting.

His address focussed on the importance of taking control of uncertainty when faced with challenges that others are directing. Successful organizations set the path with good communication and decisiveness.

Mr. Fefergrad reported on the transparency initiative from government and how the College has revised its by-laws to provide more information for the public on its public register. For example, deficiencies on inspections for sedation and CT dental scanners, notices of hearings and reasons of Discipline Committee decisions, criminal conviction information relevant to the practice of dentistry and, commencing in October 2015, oral cautions will be posted on the website for two years.

Mr. Fefergrad reported on the work of the Sexual Abuse Task Force (SATF). He added that he had attended three meetings with the SATF members who have been collegial, engaging and respectful of the work of the College. It was noted that the Chair of the SATF was impressed with the courage of the College to engage the Professional Standards Authority to do an independent review.

## **7. COMMITTEE REPORTS**

### **(a) Executive Committee**

Dr. Yarascavitch presented the report and moved the recommendations on behalf of the Executive Committee.

#### **1. Transparency**

Dr. Yarascavitch reported that as part of the transparency initiative, the Executive Committee gave consideration to posting Council meeting materials on the College's website prior to meetings. A draft policy was provided to Council for its review and approval.

**MOTION #1:**

**THAT Council approves the Policy “Making Council Meeting Materials Accessible on the College’s Website”, attached at APPENDIX A of the Executive Committee Report to Council, to be implemented for the November 19, 2015 Council meeting.**

**CARRIED**  
*(Unanimously)*

2. Committee Appointment

Ms. Susan Davis was appointed to Council by the Lieutenant General in Council on May 6, 2015 for a three-year term. The Executive Committee recommended that Council appoint her to the Inquiries, Complaints and Reports Committee, effective immediately.

**MOTION #2:**

**THAT Council appoints Susan Davis as a member of the Inquiries, Complaints and Reports Committee, effective immediately.**

**CARRIED**  
*(Unanimously)*

3. Discipline Committee Members for Hearings

It was reported that the College has been experiencing a shortage in the availability of Discipline Committee members.

The Executive Committee recommended to Council that the College’s by-laws be amended to add the words “at least” before the phrase “four (4) members of Council who are members of the College” and before the phrase “five (5) non-Council committee members.” This would allow the ability to add more members to the Discipline Committee.

**MOTION #3:**

**THAT Council amends article 4.4.1 of the College’s By-Laws to add the words “at least: before the phrase “four (4) members of Council who are members of the College” and before the phrase “five (5) non-Council committee members.”**

**CARRIED**  
*(Unanimously)*

4. International Conference of Dental Regulators

Dr. Yarascavitch reported that the 3<sup>rd</sup> International Conference of Dental Regulators will be held in Boston on Wednesday, September 16, 2015. The last two conferences were well attended and a delegation was sent from the College. In that the conference will be held in North America and that there is a robust agenda, the Executive Committee recommended that more delegates from the College be sent to the conference than in the past.

The key note speaker will be Professor Malcolm Sparrow of Harvard University who will be speaking about regulatory strategy, security and risk control. As well, there will be discussions around labour mobility, international accreditation, quality assurance and continuing professional developments.

It was reported that the travel budget for 2015 is \$272,000 and at the end of the first quarter for 2015, 13% of the budget has been spent. The cost to send a delegate to the 2015 conference would be approximately \$2,000 per person.

Mr. Fefergrad was directed by the Executive Committee to canvass Council members for their interest and availability. The following members responded: Dr. Ron Yarascavitch, Dr. David Segal, Dr. Elizabeth MacSween, Ms. Marianne Park, Mr. Ted Callaghan, Dr. Larry Davidge, Dr. Benjamin Lin, Ms. Catherine Kerr, Dr. David Mock, Dr. Harinder Sandhu and Dr. Cam Witmer.

Some public members of Council also expressed an interest and the Health Boards Secretariat was contacted with respect to funding public members to attend a conference out of Canada. However, the Health Boards Secretariat declined to cover their expenses to attend.

Council was advised of a standing policy of Council whereby if the government will not fund public members to attend matters of College business then the College should not pay for it. That policy was advanced at a Council meeting by a public member and approved by Council of the day. Mr. Fefergrad stated that the current Council could make an exception to that policy if it wished.

Council was asked to approve the number of delegates to attend the conference from Council and the Executive Committee would determine who would attend. Dr. Mock asked that consideration be given to sending Dr. David Segal.

Some Council members felt it would be too extravagant to send all the Council members that expressed an interest in attending and that it would not be viewed favourably by the membership.

Ms. Bolduc-O'Hare moved the following motion:

**MOTION #4:**

**THAT Council approves for four dentist members of Council, to be selected by the Executive Committee, to attend the International Conference of Dental Regulators in Boston on September 16, 2015.**

**CARRIED**  
*(Abstention: 1)*

Dr. Mahant suggested an amendment to the motion, but there was no seconder for this amendment:

**MOTION #4 (Amendment):**

THAT Council approves for four dentist members and two public members of Council, to be selected by the Executive Committee, to attend the International Conference of Dental Regulators in Boston on September 16, 2015.

There was lengthy discussion on waiving Council's policy on the College paying for public members to attend the 2015 conference.

**MOTION #5:**

**THAT Council exempts the 2015 International Society of Dental Regulators Conference in Boston from the policy of Council that the College is not to pay for the expenses of public councillors attending College business, including conferences.**

**CARRIED**  
*(In Favour: 12)*  
*Against: 8)*  
*(Abstention: 1)*

There was a motion moved to include two public members of Council in the delegation for the 2015 conference and that the College reimburse them for expenses.

**MOTION #6:**

**THAT Council approves two public members of Council, to be selected by the Executive Committee, to attend the International Conference of Dental Regulators on September 16, 2015.**

**CARRIED**

*(In Favour: 17)*

*(Against: 0)*

*(Abstention: 4)*

FOR INFORMATION

1. Building Renovation

Mr. Fefergrad reported that further to the approval of Council at the November 2014 meeting to renovate the office facilities at 6 Crescent Road, on further investigation it has been noted that there will be more structural work involved and the cost for the additional work will now exceed \$1.6 million over the original \$5 million. He advised that the architects will make a further presentation to Council at the November 2015 meeting with a request to approve additional work that is required. It is anticipated that this additional funding will be available within the College's budget and that no increase in membership fees will be required.

2. Canada/EU Free Trade Agreement

There was discussion on the materials provided. Mr. Fefergrad reported that the Canadian Dental Regulatory Authorities Federation has struck a commission chaired by former President, Dr. Peter Trainor, to try and get an exemption for dentistry.

(b) Audit Committee

Dr. Hunter presented the report and moved recommendations on behalf of the Audit Committee.

He reported that the audit process is an important part of the checks and balances in place at the College to ensure fiscal integrity. The auditors review expenditures



each year and any concerns are raised during their analytical review with the Audit Committee. Dr. Hunter reported that the auditors found no irregularities to report.

The partner at Deloitte Touche, Mr. Steve Stewart, also meets with the Audit Committee with no staff present in the discussion and this is an opportunity to offer recommendations for improvement to accounting, control systems or other procedures. During discussions this year, there were no recommendations made by the auditors. Mr. Stewart stated that the College continues to have good financial controls in place. Dr. Hunter read a letter to Council that he received from Mr. Stewart.

Dr. Hunter referred to the financial statements and auditor's report provided for consideration. If approved, they would be published in the College's Annual Report and posted on the website.

**MOTION #1:**

**THAT Council approves the RCDSO audited financial statements for the year ended December 31, 2014, as presented and that the President be asked to sign an official copy on behalf of Council.**

**CARRIED**  
*(Unanimously)*

**MOTION #2:**

**THAT Council approves the RCDSO Pension Fund Audited Financial Statements for the year ended December 31, 2014, as presented and that the President be asked to sign an official copy on behalf of Council.**

**CARRIED**  
*(Unanimously)*

**MOTION #3:**

**THAT Council approves the appointment of Deloitte & Touche LLP to conduct the RCDSO Audit and the RCDSO Pension Fund Audit for the year 2015 at a fixed annual fee of \$39,690.**

**CARRIED**  
*(Unanimously)*

(c) Discipline Committee

Dr. Hunter presented the report on behalf of the Discipline Committee. There were no recommendations.

(d) Elections Committee

Mr. Saavedra presented the report on behalf of the Elections Committee. There were no recommendations. He thanked the committee and staff for their support.

Mr. Saavedra advised that the Elections Committee is working on several matters that will be brought to Council as recommendations in November.

(e) Inquiries, Complaints and Reports Committee

In the absence of the Chair, Dr. Stasko, Dr. Witmer presented the report on behalf of the Inquiries, Complaints and Reports Committee. There were no recommendations made. Dr. Witmer thanked members of the panels for their work, together with the support staff.

Dr. Witmer noted that the panels have been using the Risk Assessment Framework since February.

(f) Patient Relations Committee

Ms. Kerr presented the report and moved the recommendations on behalf of the Patient Relations Committee. She thanked members of the committee, together with staff.

She reiterated that the work of the Patient Relations Committee is more important than ever with the increased scrutiny of the Minister of Health. Three key areas that the committee is working on include raising awareness about sexual abuse and harassment, initiatives to combat sexual abuse and how to improve support for victims.

**MOTION #1:**

**THAT Council approves the development of a policy to enhance support for individuals who have experienced sexual abuse and/or boundary violations of a sexual nature and are reporting such matters to the College, by retaining a registered social worker or other appropriate registered and regulated professional to provide support for those individuals who are inquiring about the College's investigation**

processes, are in the complaints or registrar's investigation process or are testifying at a discipline hearing. This resource person would provide support, at the College's expense, for those individuals during these processes. The goal is to support those who have the courage to come forward through the process with complaints or reports of sexual abuse and/or boundary violations of a sexual nature. A budget of \$7,500.00 would be set aside for this purpose for the remainder of 2015.

**CARRIED**

*(Unanimously)*

**MOTION #2:**

**THAT Council approves the development of an educational video on the topics of sexual misconduct and boundary violations. It would be launched with a complimentary *Dispatch* article.**

**CARRIED**

*(Unanimously)*

**MOTION #3:**

**THAT Council approves the development of the "Courage To Be Heard" communications strategy. This would include communication to the public and enhancement of the Sexual Abuse Prevention tab of the College's website.**

**CARRIED**

*(Unanimously)*

**MOTION #4:**

**THAT Council approves the development of a Core 1 course for continuing education points on the topics of sexual abuse and boundary violations.**

**CARRIED**

*(Unanimously)*

**MOTION #5:**

**THAT Council approves the development of YouTube short videos on the topics of mandatory reporting obligations and reporting allegations of sexual misconduct.**

**CARRIED**

*(Against: 5)*

*(Abstention: 1)*

There was discussion around members' concerns and sensitivity about this kind of communication. There was also a question raised about the ownership of videos that are posted on YouTube as opposed to being on the College's website. Mr. Fefergrad advised that the comments of Council members would be reviewed by the Patient Relations Committee and taken into account.

**MOTION #6:**

**THAT Council approves the development of a series of scholarly articles from experts in the field on topics such as sexual abuse of patients, boundary violations and the professional use of social media. These articles will be published in Dispatch and posted in the Sexual Abuse Prevention tab of the College website.**

**CARRIED**  
*(Unanimously)*

A Council member requested that the YouTube videos and scholarly articles considered be brought back to Council for its consideration.

(g) Professional Liability Program Committee

Ms. Bolduc-O'Hare presented the report behalf of the Professional Liability Program (PLP) Committee. There were no recommendations made. Ms. Bolduc-O'Hare thanked the non-Council members of the committee, together with staff.

She highlighted the outstanding financial results in the report provided to Council. There has been an increase in the number of telephone inquiries since the scope of PLP's assistance was expanded to include general dental legal advice to members.

As part of the PLP's branding initiative a PLP micro-website is being developed for members to visit. It will be separate from the College's website for members to obtain information from PLP and to report matters.

(h) Quality Assurance Committee

Dr. Mock presented the report on behalf of the Quality Assurance Committee and there were no recommendations made.

He reviewed the report to Council and responded to questions regarding the Practice Enhancement Tool (PET).

(i) Finance, Property and Administration Committee

Dr. Lang presented the report and moved the recommendations on behalf of the Finance, Property and Administration Committee. He thanked the committee members and staff for their ongoing support.

1. College Investment Policy

Dr. Lang reported that the committee performed its annual review of the College investment policy to determine if it is still appropriate for the College's objectives. While the committee felt there were no substantive changes required to the policy, it was noted that the document makes reference to positions and officers that no longer exist at the College. The committee felt that these references should be updated.

A copy of the investment policy was provided to Council.

**MOTION #1:**

**THAT Council amends the College's investment policy by replacing the words "Deputy Registrar or the Treasurer" in the section titled "THE INVESTMENT RESPONSIBILITY" with the words "or Director, Finance and Administration".**

**CARRIED**  
*(Unanimously)*

**MOTION #2:**

**THAT article 23.4.1 of the College By-Laws be amended by removing the words "Deputy Registrar" and replacing them with the words "Director, Finance and Administration".**

**CARRIED**  
*(Abstention: 1)*

**(8) ADOPTION OF MINUTES**

- (a) Minutes of the 404<sup>th</sup> Meeting of Council dated November 13, 2014

**MOTION #1:**

**THAT Council adopts the minutes of the 404<sup>th</sup> meeting of Council, as circulated.**

**CARRIED**  
*(Unanimously)*

- (b) Minutes of the 405<sup>th</sup> Meeting of Council by teleconference dated December 16, 2014

**MOTION #2:**

**THAT Council adopts the minutes of the 405<sup>th</sup> teleconference meeting of Council, as circulated.**

**CARRIED**  
*(Unanimously)*

- (c) Minutes of the 406<sup>th</sup> Meeting of Council dated January 14-15, 2015

**MOTION #3:**

**THAT Council adopts the minutes of the 406<sup>th</sup> meeting of Council, as circulated.**

**CARRIED**  
*(Unanimously)*

**(9) GOOD AND WELFARE**

Council members were invited to comment on the meeting.

**(10) ADJOURNMENT**

There being no further business, the meeting was adjourned at 12:10 p.m. Council members, guests and staff were invited for lunch and to hear a presentation from Ms. Marianne Park on accommodating people with disabilities.

## College Policy:

# Making Council Meeting Materials Accessible on the College's Website

Commencing after the May 2015 Council meeting, Council meeting materials will be made accessible to the public on the College website in accordance with the following protocol:

1. The College will notify, on a one-time basis, all stakeholders who have requested notice of Council meetings, that materials will (after the May 2015 Council meeting) be available on the College website in accordance with this Policy.
2. Materials received by the College from third-party providers, such as the National Dental Examining Board of Canada and the Royal College of Dentists of Canada, will only be made available on the College website with the consent of the third-party provider from whom the materials were received.
3. Materials related to any closed meetings or *in-camera* sessions of Council or committee meetings or other meetings will not be made available on the College website.
4. The financial statements and auditors' report, as published in our Annual Report, will be included in the materials available on the College website, however, the detailed backup and variance analysis will not be.
5. The Council materials being made available to the public for each Council meeting will be posted on the College website within 72 hours after all of it has been made available to Council members.
6. The Council materials made available on the College website for each Council meeting may be removed after Council Highlights for that meeting have been posted on the College website.
7. The College will continue to make available on the College website, in accordance with Council's previous approval, the minutes of the public portion of Council meetings, once the minutes have been approved by Council.

Financial statements of

**Royal College of Dental  
Surgeons of Ontario**

December 31, 2014

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# Royal College of Dental Surgeons of Ontario

December 31, 2014

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## Independent Auditor's Report

To the Members of the Council of the  
Royal College of Dental Surgeons of Ontario

We have audited the accompanying financial statements of the Royal College of Dental Surgeons of Ontario, which comprise the balance sheet as at December 31, 2014, the statements of operations, changes in fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Royal College of Dental Surgeons of Ontario as at December 31, 2014 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.

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
May 14, 2015

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# Royal College of Dental Surgeons of Ontario

## Statement of operations year ended December 31, 2014

	2014	2013 (Restated - Note 2)
	\$	\$
<b>Revenue</b>		
Registration and annual fees	20,883,849	17,978,874
Investment Income	1,574,019	1,618,274
Professional liability program recoveries (Note 9)	305,812	389,442
Recoveries	73,300	58,500
Management fees	85,000	75,000
Sundry	520,467	228,979
Rental income - tenants	87,079	83,302
	<b>23,529,526</b>	<b>20,432,371</b>
<b>Expenses</b>		
Salaries and benefits	9,993,819	9,101,030
Loss limit provision (Note 6)	4,000,000	4,000,000
Insurance premiums	425,828	1,445,159
Legal fees	758,956	674,090
Honoraria	831,700	804,915
Consulting and professional fees	992,022	730,887
Administrative	1,176,759	1,099,648
Printing, stationery and supplies	346,658	436,099
Amortization of capital assets	822,677	733,880
Property maintenance and operating costs	498,746	495,713
Grants	265,207	428,482
Travel and accommodation	246,459	230,354
Equipment - rental and maintenance	360,176	352,517
Postage and courier	218,354	233,675
Expert fees	43,683	19,541
Telephone/Information Services	319,556	204,707
Staff training	70,295	74,675
Broker fees	64,800	88,992
Witness and court reporter fees	13,661	13,026
Translation Services	36,718	22,666
	<b>21,486,074</b>	<b>21,190,056</b>
Excess (deficiency) of revenue over expenses before the undernoted	<b>2,043,452</b>	<b>(757,685)</b>
Loss limit provision adjustment (Note 6)	<b>3,000,000</b>	<b>-</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>5,043,452</b>	<b>(757,685)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Royal College of Dental Surgeons of Ontario

## Statement of changes in fund balances year ended December 31, 2014

	2014			2013 (Restated - Note 2)	
	Invested in capital assets	Restricted for specific purposes (Note 8)	Unrestricted	Total	Total
	\$	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	<b>6,931,982</b>	<b>24,400,000</b>	<b>(4,312,852)</b>	<b>27,019,130</b>	29,338,010
Deficiency of revenue over expenses	(822,677)	-	5,866,129	5,043,452	(757,685)
Additions to capital assets	1,017,615	-	(1,017,615)	-	-
Remeasurment and other items (Notes 2 and 7)	-	-	1,880,100	1,880,100	(1,561,195)
<b>Fund balances, end of year</b>	<b>7,126,920</b>	<b>24,400,000</b>	<b>2,415,762</b>	<b>33,942,682</b>	27,019,130

The accompanying notes to the financial statements are an integral part of this financial statement.

# Royal College of Dental Surgeons of Ontario

## Balance sheet

as at December 31, 2014

	2014	2013 (Restated - Note 2)
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	13,629,303	10,520,988
Accounts receivable	2,124,176	1,222,014
Prepaid expenses	193,439	544,789
	<b>15,946,918</b>	12,287,791
Investments (Note 4)	45,034,995	44,487,382
Pension plan asset (Note 7)	2,578,100	501,000
Capital assets (Note 5)	7,126,920	6,931,982
	<b>70,686,933</b>	64,208,155
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	1,302,827	891,715
Deferred revenue	20,598,181	19,126,068
	<b>21,901,008</b>	20,017,783
Accrued claims liability (Note 6)	12,726,543	14,300,042
Pension plan obligation (Note 7)	2,116,700	2,871,200
	<b>36,744,251</b>	37,189,025
<b>Fund balances</b>		
Invested in capital assets	7,126,920	6,931,982
Restricted for specific purposes (Note 8)	24,400,000	24,400,000
Unrestricted	2,415,762	(4,312,852)
	<b>33,942,682</b>	27,019,130
	<b>70,686,933</b>	64,208,155

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President

The accompanying notes to the financial statements are an integral part of this financial statement.

# Royal College of Dental Surgeons of Ontario

## Statement of cash flows year ended December 31, 2014

	2014	2013 (Restated - Note 2)
	\$	\$
<b>Operating activities</b>		
Excess of expenses over revenue	5,043,452	(757,685)
Items not affecting cash		
Amortization of bond premiums	219,198	317,851
Amortization of capital assets	822,677	733,880
Pension plan expense (Note 7)	366,500	781,100
	<b>6,451,827</b>	<b>1,075,146</b>
Changes in non-cash working capital balances		
Accrued interest on long term investments	8,610	37,842
Accounts receivable	(902,162)	(84,197)
Prepaid expenses	351,350	1,219,648
Accounts payable and accrued liabilities	411,112	453,248
Deferred revenue	1,472,113	2,922,425
Accrued claims liability	(1,573,499)	1,608,967
	<b>6,219,351</b>	<b>7,233,079</b>
<b>Financing activity</b>		
Contributions to pension plan	(1,318,000)	(1,399,200)
<b>Investing activities</b>		
Additions to capital assets	(1,017,615)	(927,533)
Purchase of investments	(3,250,000)	(5,720,499)
Proceeds from disposal of investments	2,474,579	5,000,000
	<b>(1,793,036)</b>	<b>(1,648,032)</b>
Net cash inflow	<b>3,108,315</b>	<b>4,185,847</b>
Cash and cash equivalents, beginning of year	<b>10,520,988</b>	<b>6,335,141</b>
<b>Cash and cash equivalents, end of year</b>	<b>13,629,303</b>	<b>10,520,988</b>
<b>Cash and cash equivalents are comprised of</b>		
Cash	<b>728,768</b>	<b>1,691,632</b>
Short-term investments	<b>12,900,535</b>	<b>8,829,356</b>
	<b>13,629,303</b>	<b>10,520,988</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Royal College of Dental Surgeons of Ontario

## Notes to the financial statements

December 31, 2014

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### 1. General

Founded in 1868, the Royal College of Dental Surgeons of Ontario (the "College") was constituted under the Dentistry Act, 1991 and Regulated Health Professions Act of Ontario, 1991 as a Not-for-Profit Corporation without share capital. The purpose of the College is to regulate the practice of dentistry and govern its members in the Province of Ontario.

As a Not-for-Profit Corporation, the College is exempt from income taxes under the Income Tax Act.

### 2. Change in accounting policy

In fiscal 2014, the College adopted the Provisions of the CPA Canada Handbook ("Handbook"), Part III Accounting for Not-For-Profit organizations, Section 3463 - Reporting Employee Future Benefits by Not-For-Profit Organizations ("Section 3463"). In accordance with the transitional provisions of Section 3463, the College retrospectively applied the revised standard. The 2013 corresponding figures and notes have been restated.

Section 3463 eliminated the deferral and amortization method as a policy choice for accounting for defined benefit plans and the three-month window for measuring plan assets and obligations. The Standard requires that changes in the fair value of plan assets and in the measurement of the plan obligation, including past service costs, actuarial gains and losses, and curtailment/settlement gains and losses (remeasurements and other items), be recognized as a component of fund balances. As a result, the defined benefit asset or liability on the balance sheet reflects the defined benefit obligation, net of the fair value of any plan assets, adjusted for any valuation allowance as of the balance sheet date. Further, Section 3463 requires that remeasurements and other items be presented as a separately identified line item in the Statement of changes in fund balances.

Additionally, the expected return on plan assets is no longer applied to the fair value of the assets to calculate the benefit cost. Under Section 3463, the same discount rate must be applied to the benefit obligation and the plan assets to determine the finance cost. The discount rate will continue to be determined by reference to market interest rates on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments or the interest rate inherent in the amount at which the defined benefit obligation could be settled. The College has elected to use an accounting valuation to determine its benefit obligation related to its pension plans.

The retrospective application of the new standard resulted in a decrease to the opening Unrestricted fund balance at January 1, 2013, of \$1,522,995 and an additional decrease to opening Unrestricted fund balance of \$226,700 at January 1, 2014.

### 3. Significant accounting policies

#### *Financial statement presentation*

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations, using the deferral method of reporting restricted contributions.

#### *Revenue recognition*

Members of the College pay a registration fee upon joining the College. Registration fees are included in revenue upon receipt.

Members are billed for annual fees each December. These fees relate to the following fiscal year and accordingly amounts received or receivable are shown as deferred revenue at year-end.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, balances with the bank and short term investments which are readily convertible to cash and have original maturity terms of ninety days or less.



# Royal College of Dental Surgeons of Ontario

## Notes to the financial statements

December 31, 2014

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### 3. Significant accounting policies (continued)

#### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the College becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

#### *Capital assets*

Capital assets are recorded at cost and are amortized on the straight-line basis over their estimated useful lives as follows:

Building	20 years
Building improvements	5 years
Computer equipment	3 years
Furniture and fixtures	5 years
Office equipment	5 years

#### *Pension plans*

The cost of the College's deferred benefit pension plans are determined periodically by independent Actuaries using the projected benefit method pro-rated on service. The College uses the most recently completed actuarial valuation prepared for funding purposes (but not one prepared using a solvency, wind-up, or similar valuation basis) for measuring its pension plan assets/obligations. A funding valuation is prepared in accordance with pension legislation and regulations, generally to determine required cash contributions to the plan.

The College recognizes:

- a) The pension plan asset/obligation, net of the fair value of any plan assets, adjusted for any valuation in the statement of changes in net assets; and
- b) The cost of the plan for the year.

Based on an actuarial assessment that is conducted every three years, the asset base of the pension plan may have to be topped up. The amount of the top-up could be material. The most recent actuarial valuation was performed as at January 1, 2014 and the results were projected to December 31, 2014.

The cost of the College's defined contribution pension plan is recorded as an expense as payments are made.

#### *Management estimates*

The preparation of the College's financial statements in accordance 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, the 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. Accordingly, actual results could differ from those estimates. Accounts containing significant estimates include accounts payable, accrued claims liability and the pension plan obligation.

### 4. Investments

Investments consist of federal bonds, provincial bonds, and treasury bills bearing interest at rates ranging from 1.25% to 9.125% (2013 - 1.25% to 9.125%), and mature between fiscal years ending 2015 to 2023 (2013 - 2023). The carrying value of investments includes accrued interest of \$204,268 (2013 - \$212,878) and unamortized bond premium of \$1,047,999 (2013 - \$908,629) for a total amortized cost of \$45,034,995 (2013 - \$44,487,382). Investments totaling \$2,613,148 (2013 - \$1,017,582) mature within the next fiscal year.

# Royal College of Dental Surgeons of Ontario

## Notes to the financial statements

December 31, 2014

### 5. Capital assets

	2014		2013
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	4,320,183	-	4,320,183
Building and building improvements	3,661,065	2,270,364	1,390,701
Computer equipment	3,418,374	2,193,926	1,224,448
Furniture and fixtures	464,491	275,146	189,345
Office equipment	49,851	47,608	2,243
	11,913,964	4,787,044	7,126,920
			6,931,982

### 6. Accrued claims liability

The Professional Liability Program was established by the College to provide a first level of defense and management of professional liability claims against dentists. In 2014, dentists were each covered for a maximum liability of \$2,000,000 (2013 - \$2,000,000) for each validated claim. The College is liable for up to \$2,000,000 (2013 - \$250,000) of a validated claim, subject to a maximum aggregate loss limit of \$10,000,000 (2013 - 100 percent of the first \$5,000,000, and 50 percent of the aggregate loss between \$5,000,000 and \$7,000,000). Management expensed an amount of \$4,000,000 (2013 - \$4,000,000) based on its estimate of the ultimate exposure for the current claim year. Management makes use of actuarial analysis in order to form such estimates. Utilized loss limits of previous years are recorded as revenue. For total claims in a year in excess of \$10,000,000, the College has obtained insurance. The individual member is responsible for any amounts in excess of \$2,000,000 on any claim. The dentists are liable to the College for a deductible portion on each validated claim of \$2,000 on any one occurrence, including defense costs, increasing to \$5,000 for a second claim, \$10,000 for a third claim and \$20,000 for the fourth and subsequent claims in a 84 month period. Deductibles are recorded when received. These assessments are recorded when the file is closed. Members may request that the Professional Liability Committee of the College reduce the assessment in exchange for agreement to take remedial training in the specific area of dentistry on which the claim was based. The College is additionally liable for all loss adjustment expenses, which are expensed as incurred, related to claims arising since January 1, 1977. Final settlement of claims is subject to satisfactory resolution between the insurance company and the College. The accrued claims liability represents the accumulated of estimated unpaid losses for all years with outstanding claims.

The accrued claims liability is estimated actuarially taking into account factors such as maximum aggregate loss limits for the specific claim year, overall performance and loss experience and anticipated inflationary trends. The estimates are subject to variability and this variability can have a material impact. The possibility of variability arises because all factors affecting the ultimate liability for loss and loss adjustment have not taken place and cannot be evaluated with absolute certainty.

As a result of an actuarial assessment performed in 2014, it was determined that the provision related to fiscal years 2013 and prior was overstated and, accordingly, an adjustment of \$3,000,000 has been recorded to reduce the outstanding claim liability for those years.

# Royal College of Dental Surgeons of Ontario

## Notes to the financial statements

December 31, 2014

### 7. Pension plan asset/obligation

The College maintains a combined defined benefit and supplementary pension plan, for certain employees. The pension plans provide pension benefits based on length of service and final average earnings. The College measures its defined benefit obligations and the fair value of plan assets for accounting purposes as at December 31 each year. The most recently completed actuarial valuation of the pension plans for valuation purposes, was as of December 31, 2014. The College measures its obligation as at January 1 of each year. The most recent actuarial valuation prepared was as of January 1, 2013.

A reconciliation of the College's accrued benefit obligation to the accrued benefit asset (liability) is as follows:

	Defined benefit plan	Supplementary plan	2014 Total
	\$	\$	\$
Accrued benefit obligation	(7,162,100)	(3,769,900)	(10,932,000)
Fair value of plan assets	9,740,200	1,653,200	11,393,400
Funded status - plan deficit and accrued benefit asset (liability)	2,578,100	(2,116,700)	461,400

	Defined benefit plan	Supplementary plan	2013 Total (Restated - Note 2)
	\$	\$	\$
Accrued benefit obligation	(7,712,600)	(4,331,000)	(12,043,600)
Fair value of plan assets	8,213,600	1,459,800	9,673,400
Funded status - plan deficit and accrued benefit asset (liability)	501,000	(2,871,200)	(2,370,200)

The expense for the year related to the College's pension obligation was \$365,000 (2013 - \$781,100).

The employer contributions to the pension plans amounted to \$932,000 (2013 - \$698,900) (for the defined benefit plan and \$386,000 (2013 - \$700,300) for the supplementary plan.

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation are as follows:

	Defined benefit plan	Supplementary plan
	%	%
Discount rate	5.25	2.63
Rate of compensation increase	3.50	3.50

The College also maintains a defined contribution plan for certain employees. During the year the College contributed \$395,437 (2013 - \$292,236) which has been expensed through the statement of operations.

# Royal College of Dental Surgeons of Ontario

## Notes to the financial statements

December 31, 2014

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### 8. Fund balance restricted for specific purposes

The College has no net assets with external restrictions. Certain net assets have been internally restricted as follows:

#### *Professional Liability Reserve Fund*

The Professional Liability Reserve Fund was established to secure the liability for future claims in accordance with industry standards. Appropriations to this fund are made from the Unrestricted fund balance. This internally restricted fund balance is \$24,400,000 (2013 - \$24,400,000).

### 9. Professional liability program recoveries

The professional liability program recoveries balance is comprised mainly of the member assessments on closed files, referred to in Note 6. Other recoveries, when experienced, would also be included in this balance. Such recoveries could include costs awarded to the professional liability program on a matter that went to litigation, or amounts expensed in prior years to cover the cost of that claim year which is no longer required.

### 10. Credit facility

The College has a credit facility with a Canadian chartered bank of up to \$500,000, which is secured by a collateral security pursuant to a General Security Agreement. \$Nil has been drawn from this facility as at year-end (2013 - \$Nil).

### 11. Commitments

The College has operating leases expiring at dates up to 2017 on office equipment requiring minimum annual lease payments as follows:

	\$
2015	109,529
2016	107,091
2017	92,200
2018	81,564
	<hr/>
	390,384

### 12. Contingencies

In the ordinary course of business the College is a defendant in various legal actions, the outcomes of which are not determinable at this time. Settlements, if any, will be accounted for in the period when these amounts can be reasonably determined and to the extent that the amounts are not recoverable from insurers. The College is vigorously defending these actions.

# Royal College of Dental Surgeons of Ontario

## Notes to the financial statements

December 31, 2014

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### 13. Guarantee

In the normal course of business, the College enters into agreements that meet the definition of a guarantee. The College's primary guarantees subject to the disclosure requirements of AcG-14 are as follows:

- a) The College indemnifies all directors for various items, including but not limited to, all costs to settle suits or actions due to services provided to the College, subject to certain restrictions. The College has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.
- b) In the normal course of business, the College has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the College to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the College from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the College has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in these financial statements with respect to these agreements.

### 14. Financial instrument risk

The College is exposed to the following risks related to its financial assets and liabilities:

#### a) *Credit risk*

The College is subject to credit risk through its trade receivables and investments. Credit risk arises from the potential that a counterparty will fail to perform its obligations. Credit risk with respect to the trade receivables is limited due to the nature of the College activities which consist of providing Membership services in exchange for practice licenses. Credit risk with respect to investments is limited due to the types of instruments held, which are described in Note 4.

#### b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The College is exposed to this risk through its investments as this balance bears interest at varying rates and are subject to change due to, without limitation, such factors as interest rates and general economic conditions.



Royal College of  
Dental Surgeons of Ontario

*Ensuring Continued Trust*

## **INVESTMENT POLICY**

**PURPOSE** - To establish guidelines to support the RCDSO By-Law governing the investment of funds.

### **INVESTMENT OBJECTIVES**

In order of priority, the investment objectives of the RCDSO will be as follows:

1. Protection of Principal
2. Liquidity
3. Income

These objectives allow the RCDSO to:

- i. accumulate funds in high quality investment vehicles
- ii. provide funds as required to meet monthly operating expenses (and from time to time extraordinary expenditures which may arise) without incurring a loss due to premature liquidation
- iii. earn interest at optimum rate of return within the stated priorities

### **IMPLEMENTATION**

Investment strategies will be of a medium-term buy and hold nature, with changes in positions mandated by sound analysis of economic fundamentals and /or the liquidity requirement of RCDSO.

Ideally, the portfolio will hold a mix of investments that would be laddered to have maturities of approximately equal amounts in any given year subject to the liquidity requirements of RCDSO. As maturities come due or excess funds become available these funds would be re-invested in the aforementioned manner

### **AUTHORIZED INVESTMENTS**

Suitable investments shall include only the following:

- I. bonds, debentures, or other evidence of indebtedness of, or guaranteed by, the Government of Canada, the Government of Ontario or the Government of another province of Canada which province at the time of such investment was rated by either Canadian Bond Rating Service or Dominion Bond Rating Service as one of the three best rated provinces of Canada, and or

II. deposit receipts, deposit notes, certificates of deposit, acceptances and other similar instruments issued or endorsed by the:

- i. Bank of Montreal,
- ii. Bank of Nova Scotia,
- iii. Canadian Imperial Bank of Commerce,
- iv. Royal Bank of Canada,
- v. Toronto Dominion Bank

### **THE INVESTMENT RESPONSIBILITY**

The following individuals may invest or re-invest funds of the College:

- ~~1. The President or Vice President together with the Registrar, Deputy Registrar or the Treasurer or Director, Finance and Administration~~
2. Additional Officers or persons authorized by a resolution of Council

### **INVESTMENT MIX**

- The maturity and mix of the College's Investment portfolio shall always be structured, giving heed to the College's stated schedule for funds.
  - Maturities should be sufficiently spread, and with a bias for liquidity, so that should an unexpected need arise, monies can be provided with minimal loss of capital.
1. The College shall not invest in maturities, which exceed 10 years or thereabouts and shall maintain at least 50% of investments with maturities, which do not exceed five years or thereabouts.
  2. The College shall use the services of a Canadian Chartered Bank, Trust Company or Investment Dealer, which is also an agent of the Bank of Canada for making investments and for their safekeeping.

### **INVESTMENT LIMITS**

Subject to the current RCDSO Investment By-Law restrictions, the purchase of any securities carrying a credit rating below A for bonds or R1-Mid for commercial paper is strictly prohibited.

Ratings used will be from one or more of the following ratings agencies:

- Canadian Bond Ratings Services
- Dominion Bond Ratings Services
- Standard and Poor's Credit Rating Service
- Moody's Investor Services

With the exception of debt securities of, or guaranteed by the Government of Canada, the securities of any one issuer will comprise no more than 25% of the portfolio value at the time an investment is made.

### **REPORTING**

Periodic investment reports containing at least a complete listing of all investments, and investment transactions shall be prepared for and distributed to the Finance, Administration and Property Committee of RCDSO. The Committee shall make a complete report to Council at least once annually.

### **POLICY REVIEW**

This policy shall be reviewed annually by the RCDSO's Finance, Administration and Property Committee to ensure that it remains consistent with the overall objectives of the RCDSO and prudent and conservative investment practices. This Policy may be reviewed and updated more frequently if necessary.

**Note:** *Some of the long term investments presently held by the College and which were acquired prior to the date upon which this policy is approved do not conform to the stated limitations with respect to maturities. These specific investments will be considered exceptions to this policy until they reach maturity or until they are disposed of, whichever comes first.*