



**HENDRY
WARREN**^{LLP}
CHARTERED PROFESSIONAL ACCOUNTANTS

200-881 Lady Ellen Place
Ottawa, ON K1Z 5L3
(613) 235-2000
www.hwillp.ca

Financial Statements of

**CANADIAN DENTAL REGULATORY
AUTHORITIES FEDERATION**

December 31, 2018

Ian W. Hendry, FCPA, FCA, CFP
Marie Fraser, CPA, CA, CFP
Nancy Nicks, CPA, CA
Jacob Milosek, CPA, CA

MEMBER
INPACT
INTERNATIONAL ALLIANCE OF
PROFESSIONAL ACCOUNTANTS

Daniel B. Warren, FCPA, FCA, TEP
Blair Duffy, CPA, CA
Todd Hamilton, CPA, CA
David Lenzi, CPA, CA, CBV



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April 10, 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Canadian Dental Regulatory Authorities Federation:

Opinion

We have audited the accompanying financial statements of Canadian Dental Regulatory Authorities Federation (the "Federation"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Federation as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Federation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Federation for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements dated February 8, 2018.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Federation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Federation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Federation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

HENDRY WARREN LLP
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario

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CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION
Statement of Financial Position

December 31, 2018, with comparative figures for 2017

	2018	2017
Assets		
Current assets		
Cash	\$ 188,826	\$ 254,813
Accounts receivable	316	-
Prepaid expenses	930	-
	<u>190,072</u>	<u>254,813</u>
Capital assets (Note 4)	-	490
	<u>\$ 190,072</u>	<u>\$ 255,303</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued charges	\$ 9,901	\$ 3,609
Net Assets		
Unrestricted	131,906	251,694
Restricted	48,265	-
	<u>180,171</u>	<u>251,694</u>
	<u>\$ 190,072</u>	<u>\$ 255,303</u>

Approved on behalf of the Board:

Director

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Statement of Operations

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Revenue		
Fees	\$ 126,808	\$ 405,954
Other income	2,625	317
	<hr/>	<hr/>
	129,433	406,271
Expenses		
Bank charges	674	927
ISDR membership	3,080	2,750
Meetings	28,578	38,795
Operating	156,889	233,917
Translation services	-	3,409
	<hr/>	<hr/>
	189,221	279,798
(Deficit) excess of revenues over expenses before restricted fund expenses	(59,788)	126,473
Less: restricted fund expenses	11,735	-
	<hr/>	<hr/>
(Deficit) excess of revenues over expenses	\$ (71,523)	\$ 126,473

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative figures for 2017

	Unrestricted	Internally Restricted	2018 Total	2017 Total
Net assets, beginning of year	\$ 251,694	\$ -	\$ 251,694	\$ 125,221
Transfer to internally restricted net assets (Note 3)	(60,000)	60,000	-	-
(Deficit) excess of revenue over expenses	(59,788)	(11,735)	(71,523)	126,473
Net assets, end of year	\$ 131,906	\$ 48,265	\$ 180,171	\$ 251,694

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Cash Flow Statement

Year ended December 31, 2018, with comparative figures for 2017

	2018	2017
Operating activities		
Excess of (expenses) over revenue	\$ (71,523)	\$ 126,473
Non cash items:		
Amortization expense	490	490
Changes in working capital balances (Note 5)	5,046	3,793
<u>Cash (used in) provided by operating activities</u>	<u>(65,987)</u>	<u>130,756</u>
(Decrease) increase in cash	(65,987)	130,756
Cash, beginning of year	254,813	124,057
<u>Cash, end of year</u>	<u>\$ 188,826</u>	<u>\$ 254,813</u>

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Notes to the Financial Statements

December 31, 2018, with comparative figures for 2017

1. Statutes of incorporation and nature of activities

Canadian Dental Regulatory Authorities Federation ("the Federation") was incorporated on March 3, 2004, without share capital under the laws of Canada. The Federation is the national forum and collective voice of Provincial and Territorial dental regulatory authorities regarding inter-provincial/territorial, national and global regulatory matters for the dental profession. The Federation is a non-profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income tax under section 149(1)(e) of the Income Tax Act (Canada).

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The Federation follows the deferral method of reporting restricted contributions. Income from the Federation fees are recorded when the amounts are due and collection is reasonably assured.

Capital assets

Capital assets are recorded at cost. Amortization is recorded in the year when the asset is put into use. Amortization for computer hardware is recorded on a three-year straight line basis.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Financial instruments

Measurement of financial instruments

The Federation initially measures its financial assets and liabilities at fair value.

The Federation subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash, which is measured at fair value.

3. Internal restrictions

In 2018, the Board of Directors internally restricted \$60,000 of previously unrestricted net assets with a plan to restrict an additional \$240,000 (\$60,000 per year) over each of the next four years. These internal restrictions have been contemplated to ensure ongoing financial stability of the Federation by setting aside reserves for general contingencies and future national initiatives. The Federation may not use these restricted amounts for any other purpose without the approval of the Board.

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Notes to the Financial Statements

December 31, 2018, with comparative figures for 2017

4. Capital assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 1,470	\$ 1,470	\$ -	\$ 490

5. Changes in working capital balances

Changes in working capital balances have provided (used) cash as follows:

	2018		2017	
Accounts receivable	\$	(316)	\$	-
Prepaid expenses		(930)		1,734
Accounts payable and accrued charges		6,292		2,059
	\$	5,046	\$	3,793

6. Financial instruments

Risk and concentrations

It is management's opinion that the Federation is not exposed to any risks through its financial instruments.