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Financial Statements of

**CANADIAN DENTAL REGULATORY
AUTHORITIES FEDERATION**

December 31, 2019

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Nancy Nicks, CPA, CA
Jacob Milosek, CPA, CA

MEMBER
INPACT
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April 22, 2020

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, 2019, and the statements of operations, 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, 2019, 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.

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.



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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.
- 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.



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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

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Statement of Financial Position

December 31, 2019, with comparative figures for 2018

	2019	2018
Assets		
Current assets		
Cash	\$ 143,921	\$ 188,826
Accounts receivable	2,160	316
Prepaid expenses	930	930
	<u>\$ 147,011</u>	<u>\$ 190,072</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued charges	\$ 5,223	\$ 9,901
Net Assets		
Unrestricted	33,523	131,906
Restricted	108,265	48,265
	<u>141,788</u>	<u>180,171</u>
	<u>\$ 147,011</u>	<u>\$ 190,072</u>

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Statement of Operations

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Revenue		
Fees	\$ 213,411	\$ 126,808
Other income	14,932	2,625
	<hr/>	<hr/>
	228,343	129,433
Expenses		
Bank charges	648	674
ISDR membership	2,480	3,080
Meetings	39,491	28,578
Operating	224,107	156,889
	<hr/>	<hr/>
	266,726	189,221
Deficit of revenues over expenses before restricted fund expenses	(38,383)	(59,788)
Less: restricted fund expenses	-	11,735
	<hr/>	<hr/>
Deficit of revenues over expenses	\$ (38,383)	\$ (71,523)

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative figures for 2018

	Unrestricted	Internally Restricted	2019 Total	2018 Total
Net assets, beginning of year	\$ 131,906	\$ 48,265	\$ 180,171	\$ 251,694
Transfer to internally restricted net assets (Note 2)	(60,000)	60,000	-	-
Deficit of revenues over expenses	(38,383)	-	(38,383)	(71,523)
Net assets, end of year	\$ 33,523	\$ 108,265	\$ 141,788	\$ 180,171

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Cash Flow Statement

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Operating activities		
Deficit of revenues over expenses	\$ (38,383)	\$ (71,523)
Non cash items:		
Amortization expense	-	490
Changes in working capital balances (Note 3)	(6,522)	5,046
Cash used in operating activities	(44,905)	(65,987)
Decrease in cash	(44,905)	(65,987)
Cash, beginning of year	188,826	254,813
Cash, end of year	\$ 143,921	\$ 188,826

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

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).

1. 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 accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income is recognized as revenue when it is received or receivable, assuming collection is reasonably assured.

Member fees are recognized as revenue proportionately over the fiscal year to which they relate.

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. There were no significant estimates made in the current year.

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.

CANADIAN DENTAL REGULATORY AUTHORITIES FEDERATION

Notes to the Financial Statements

December 31, 2019, with comparative figures for 2018

2. Internal restrictions

In 2018, the Board approved a motion to internally restrict \$60,000 of previously unrestricted funds per year, for a total of \$300,000 over a 5-year term. As planned, \$60,000 was internally restricted in 2019, with three years of contributions remaining at December 31, 2019. 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.

3. Changes in working capital balances

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

	2019	2018
Accounts receivable	\$ (1,844)	\$ (316)
Prepaid expenses	-	(930)
Accounts payable and accrued charges	(4,678)	6,292
	\$ (6,522)	\$ 5,046

4. Financial instruments

Risk and concentrations

The risk exposures and concentrations of risk have not changed from the previous year.