

CANADIAN DOCTORS FOR MEDICARE
FINANCIAL STATEMENTS
DECEMBER 31, 2018



THE MacPHERSON
Group of Companies

CANADIAN DOCTORS FOR MEDICARE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Canadian Doctors For Medicare

Opinion

We have audited the accompanying financial statements of Canadian Doctors for Medicare, which comprise the statement of financial position as at December 31, 2018, the statements of operations, changes in surplus (deficiency) and cash flow for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Doctors for Medicare 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 Canadian Doctors for Medicare in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

In preparing the financial statements, management is responsible for assessing Canadian Doctors for Medicare's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Canadian Doctors for Medicare or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Canadian Doctors for Medicare's financial reporting process.

Auditors' 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 auditors' 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 my 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 Canadian Doctors for Medicare'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 Canadian Doctors for Medicare's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Canadian Doctors for Medicare 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.

I 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.

CANADIAN DOCTORS FOR MEDICARE

Statement of Financial Position

As At December 31,	2018	2017
ASSETS		
Current		
Cash and cash equivalents	\$ 46,912	\$ 17,575
Accounts receivable	4,050	-
Prepaid expenses	<u>8,762</u>	<u>2,754</u>
Total Assets	<u>\$ 59,724</u>	<u>\$ 20,329</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	21,091	56,662
Funds reserved for special projects	<u>19,350</u>	<u>19,350</u>
Total Liabilities	<u>40,441</u>	<u>76,012</u>
SURPLUS (DEFICIENCY)		
Surplus (deficiency)	<u>19,283</u>	<u>(55,683)</u>
Total Liabilities and Surplus (Deficiency)	<u>\$ 59,724</u>	<u>\$ 20,329</u>

Approved on behalf of the Board:

Director

Director

The accompanying notes form an integral part of the financial statements

CANADIAN DOCTORS FOR MEDICARE

Statement of Surplus (Deficiency)

For the Year Ended December 31,	2018	2017
Deficiency, beginning of the year	\$ (55,683)	\$ (92,599)
Excess of revenues over expenses	<u>74,966</u>	<u>36,916</u>
Surplus (deficiency), end of the year	<u><u>\$ 19,283</u></u>	<u><u>\$ (55,683)</u></u>

The accompanying notes form an integral part of the financial statements

CANADIAN DOCTORS FOR MEDICARE

Statement of Operations

For the Year Ended December 31,	2018	2017
REVENUES	\$ 339,123	\$ 301,426
EXPENSES		
Advertising and promotion	4,473	655
Bank charges and interest	8,863	9,348
Communications	8,433	6,767
Consulting fee	45,566	116,619
Fund raising campaign costs	37,284	24,691
Insurance	2,983	1,944
Meals and entertainment	279	86
Office and general	9,860	9,056
Professional fees	12,086	7,598
Postage and delivery	20,607	13,689
Printing and reproduction	6,745	1,856
Rent	3,600	-
Travel	4,833	6,734
Wages and benefits	<u>98,545</u>	<u>65,467</u>
	<u>264,157</u>	<u>264,510</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 74,966</u>	<u>\$ 36,916</u>

CANADIAN DOCTORS FOR MEDICARE

Statement of Cash Flows

For the year ended December 31,	2018	2017
Cashflows from operations		
Excess of revenues over expenses	\$ 74,966	\$ 36,916
Change in non-cash working capital		
Accounts receivable	(4,050)	-
Prepaid expenses	(6,008)	-
Amounts due from related parties	-	(7,296)
Accounts payable and accrued liabilities	<u>(35,571)</u>	<u>(1,684)</u>
Cashflow provided by operating activities	<u>29,337</u>	<u>27,938</u>
Change in cash and cash equivalents	29,337	27,938
Cash and cash equivalents(bank indebtness),		
beginning of year	<u>17,575</u>	<u>(10,362)</u>
Cash and cash equivalents, end of year	\$ <u>46,912</u>	\$ <u>17,575</u>

The accompanying notes form an integral part of the financial statements

CANADIAN DOCTORS FOR MEDICARE

Notes to Financial Statements

For the Year Ended December 31, 2018

1. NATURE OF BUSINESS

Canadian Doctors for Medicare (“CDM”), is a non-profit organization incorporated as a corporation without share capital under the Canada not-for-profit Corporations Act on November 20, 2013. CDM was formed to advocate for the preservation of publicly funded health care in Canada and to inform and educate doctors, policy makers, and other health practitioners about the value, quality and equity of publicly funded health care and the need to protect it. The office is located in Toronto, Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements and related notes are presented in accordance with accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Uses 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 revenues and expenses during the reporting period. Financial statement items subject to significant judgment include expense and capital fund accruals as well as loss contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on deposit and all highly liquid instruments with maturities of three months or less at the time of issuance.

Revenue Recognition

CDM 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.

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

Capital assets

Capital assets are recorded as expenses in the year they are acquired.

Notes to Financial Statements

For the Year Ended December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

Financial instruments are initially recorded at fair value and subsequently recorded at cost or amortized cost, unless management has elected to carry instruments at fair market value. CDM has not elected to carry any such financial instruments at fair value.

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. CDM's cash and cash equivalents and receivables are classified as loans and receivables.

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are initially recorded at fair value and designated upon inception as other financial liabilities. Accounts payable and accrued liabilities are recognized on the trade date at which time CDM becomes a party to the contractual provisions of the instrument. Accounts payable and accrued liabilities are classified as other financial liabilities. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire.

Notes to Financial Statements

For the Year Ended December 31, 2018

3. RELATED PARTY TRANSACTIONS

Public Interest Strategy & Communication Inc. ("Public Interest") exercised significant influence over CDM through use of a joint management team and directors. In 2018, the contract was terminated.

CDM entered into an agreement with Public Interest whereby Public Interest provided logistical and administrative support for a minimum annual fee of \$95,000 (2017 - \$95,000) plus out of pocket expenses. Public Interest was required to seek approval for any unbudgeted amount over \$1,000. Total fees and expenses charged in the year were \$45,566 (2017 - \$107,350).

All these transactions are recorded at the exchange value. This value corresponds to the consideration agreed upon by the parties and is determined based on the costs incurred.

4. FINANCIAL RISKS

Liquidity Risk

Liquidity risk is the risk that CDM will not be able to meet its financial obligations as they become due. CDM's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Credit Risk

Credit risk is the risk of financial loss to CDM if a resident or a counterparty to a financial instrument fails to meet its contractual obligations. CDM is exposed to credit risk in its cash and cash equivalents, and receivables. The maximum credit risk represented by CDM's financial assets is equal to their carrying amounts. Concentration of credit risk exists with respect to CDM's cash and cash equivalents as substantially the entire amount is held at a single major Canadian financial institution. Credit risk on cash and cash equivalents is minimized by depositing with only reputable financial institutions.