

DYING WITH DIGNITY CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors of:
Dying with Dignity Canada

Opinion

We have audited the accompanying financial statements of Dying with Dignity Canada, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 Organization 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 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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

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 Company'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 Organization'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 Organization 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.

Toronto, Canada
April 19, 2019

RZN, LLP

Chartered Professional Accountants & Licensed Public Accountants

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RZN, LLP

DYING WITH DIGNITY CANADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

		ASSETS	
		<u>2018</u>	<u>2017</u>
		\$	\$
CURRENT			
Cash	231,597	113,782	
Short-term investment (Note 4)	4,629,411	-	
Marketable securities (Note 5)	100,011	339,963	
Prepaid expenses and deposits	22,649	17,588	
Government remittances recoverable	<u>41,337</u>	<u>-</u>	
	5,025,005	471,333	
LOAN RECEIVABLE	-	35,736	
CASH SURRENDER VALUE OF LIFE INSURANCE (Note 6)	35,149	-	
PROPERTY AND EQUIPMENT (Note 7)	<u>7,094</u>	<u>-</u>	
	<u>5,067,248</u>	<u>507,069</u>	

The accompanying notes are an integral part of these financial statements.

DYING WITH DIGNITY CANADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

LIABILITIES

	<u>2018</u> \$	<u>2017</u> \$
CURRENT		
Accounts payable and accrued liabilities	98,677	40,074
Deferred revenue	<u>-</u>	<u>1,640</u>
	<u>98,677</u>	<u>41,714</u>
 FUND BALANCE		
FUND BALANCE - Per statement	<u>4,968,571</u>	<u>465,355</u>
	<u>5,067,248</u>	<u>507,069</u>
 LEASE OBLIGATIONS (Note 9)		

The accompanying notes are an integral part of these financial statements.

THESE FINANCIAL STATEMENTS ARE
APPROVED BY AND ON BEHALF OF
THE BOARD OF DIRECTORS



JAMES COWAN, CHAIR
OF THE BOARD OF DIRECTORS



VERONICA DOLENC, TREASURER,
MEMBER OF THE BOARD OF DIRECTORS

DYING WITH DIGNITY CANADA
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u> \$	<u>2017</u> \$
FUND BALANCE, BEGINNING OF YEAR	465,355	528,103
Excess of revenues over expenses (expenses over revenues)	<u>4,503,216</u>	<u>(62,748)</u>
FUND BALANCE, END OF YEAR	<u><u>4,968,571</u></u>	<u><u>465,355</u></u>

The accompanying notes are an integral part of these financial statements.

DYING WITH DIGNITY CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u> \$	<u>2017</u> \$
REVENUES		
Donations	823,682	716,822
Bequests	4,810,500	15,000
Contributions in kind	98,600	127,275
Miscellaneous	8,355	14,303
Investments earnings and gains (Note 4)	<u>46,143</u>	<u>3,398</u>
	<u>5,787,280</u>	<u>876,798</u>
EXPENSES		
Advertizing and promotion	111,465	125,602
Amortization of property and equipment	326	-
Bank charges	17,688	14,542
Computer	13,781	10,470
Financial support	1,500	2,000
Insurance	7,117	7,776
Meetings	16,489	10,683
Office and general	14,488	12,862
Professional fees	139,663	133,058
Professional services	231,924	65,754
Rent and occupancy (Note 7)	51,113	54,435
Salaries and benefits	605,417	467,414
Telecommunication	27,451	22,851
Travel	<u>45,055</u>	<u>12,099</u>
	<u>1,283,477</u>	<u>939,546</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE THE UNDERNOTED	<u>4,503,803</u>	<u>(62,748)</u>
Loss on loan receivable	(10,000)	-
Increase in cash surrender value of life insurance	<u>9,413</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	<u>4,503,216</u>	<u>(62,748)</u>

The accompanying notes are an integral part of these financial statements.

DYING WITH DIGNITY CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u> \$	<u>2017</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	4,503,216	(62,748)
Amortization of property and equipment	326	-
Loss on loan receivable	10,000	-
Increase in cash surrender value of life insurance	<u>(9,413)</u>	<u>-</u>
	4,504,129	(62,748)
Short-term investment	(43,911)	-
Prepaid expenses and deposits	(5,061)	(4,554)
Government remittances recoverable	(41,337)	-
Accounts payable and accrued liabilities	58,603	5,508
Deferred revenue	<u>(1,640)</u>	<u>-</u>
Cash flows provided by (used in) operating activities	<u>4,470,783</u>	<u>(61,794)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(7,420)	-
Proceeds from marketable securities - net	239,952	36,124
Purchase of short-term investment	(4,735,500)	-
Redemption of short-term investment	<u>150,000</u>	<u>-</u>
Cash flows provided by (used in) investing activities	<u>(4,352,968)</u>	<u>36,124</u>
INCREASE (DECREASE) IN CASH	117,815	(25,670)
CASH, BEGINNING OF YEAR	<u>113,782</u>	<u>139,452</u>
CASH, END OF YEAR	<u><u>231,597</u></u>	<u><u>113,782</u></u>

The accompanying notes are an integral part of these financial statements.

DYING WITH DIGNITY CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. NATURE OF ORGANIZATION

Dying with Dignity Canada ("the Organization") was incorporated without share capital as a not-for-profit organization in 1980. It is a national not-for-profit organization committed to improving quality of dying, protecting end-of-life rights, and helping Canadians avoid unwanted suffering. Its mandate is to:

- defend human rights by advocating for assisted dying rules that respect the Canadian Constitution and the Charter of Rights and Freedoms.
- provide personal support to adults suffering greatly from a grievous and irremediable medical condition who wish to die on their own terms.
- educate Canadians about all of their legal end-of-life options, including the constitutional right to medical assistance in dying (MAID), and the importance of advance care planning.
- support healthcare practitioners who assess for and provide MAID.

Under the Income Tax Act, as a not-for-profit organization, Dying With Dignity Canada is exempt from income taxes. During its 2018 fiscal year, Dying With Dignity was granted Charitable Registration status with the Canada Revenue Agency retro-active to January 1, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial statement items subject to significant management judgement include revenue recognition, the net realizable values of short-term investment, marketable securities and accounts receivable, the valuation and the amortization rates of property and equipment and the completeness of accounts payable and accrued liabilities and deferred revenues.

DYING WITH DIGNITY CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue and expenditures are generally recorded in the books of the Organization on the accrual basis of accounting. Contributions that are received in the current year, but which explicitly pertain to expenses in future years, are accrued and amortized as revenue as the corresponding expenses are incurred. Donation revenues and bequests are recognized when received. Interest revenue is recognized when earned on the accrual basis.

Contributed services

Volunteers assist the Organization in carrying out its activities and its social functions. Because of the difficulty of determining their fair values, these contributed services are not recognized in the financial statements. The Organization also receives contributions in kind. These contributions would be purchased by the Organization and have calculable fair value. The value of these contributions are recognized in the accompanying statement of operations.

Cash surrender value of life insurance

The Organization reports insurance expenses, including premiums for life insurance policies, on the accompanying statement of operation. The Organization is also the beneficiary of certain life insurance policies which create cash surrender value. Changes in the surrender value of these policies, resulting from the payment of premiums, dividends earned and administration expenses, are reported below operating earnings on the accompanying statement of operations. The aggregate value of the corresponding policies is reported on the accompanying statement of financial position at their cash surrender value at the reporting date.

Amortization of property and equipment

Property and equipment are recorded at cost and are amortized on the declining balance method at rate sufficient to substantially amortize the cost of the asset over their estimated useful lives as follows:

Computer equipment	55%
Leasehold improvements	Length of lease plus first renewal term

Property and equipment are amortized at one-half of the above noted rate in the year of acquisition.

Leases

Lease obligations are classified as either capital or operating leases. Leases that transfer ownership upon conclusion of the lease or substantially all of the benefits and inherent risks of ownership of property and equipment to the Organization are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

DYING WITH DIGNITY CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire. Trade-date accounting is used. At initial recognition, the Organization classifies its financial instruments depending on the purpose for which the instruments were acquired, as follows:

The Organization measures cash and marketable securities at fair value with changes in fair value recognized in operations.

The Organization's other financial instrument assets are classified as loans and receivables, which are measured at amortized cost.

Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Comparative figures

Certain comparative figures have been reclassified where necessary to conform to the current years' basis of presentation.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Organization's risk management policies are established to identify and analyze the risks faced by the Organization, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Organization's activities. There have been no changes to the Organization's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of the prior reporting period.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant risks arising from its financial instruments.

Fair values

Unless otherwise noted, it is management's opinion that the carrying value of the Organization's financial instruments approximates fair value due to their short-term to maturity and other terms which management believes approximate those in the current market place.

DYING WITH DIGNITY CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(Continued)*

Liquidity risk

The Organization is exposed to liquidity risk to the extent that it must meet its financial obligations as they fall due. The Organization's approach to managing liquidity risk is to ensure that it has sufficient cash and other current financial assets to meet its obligations when due without incurring losses or damage to the Organization's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through cash management. As at December 31, 2018, the Organization had accounts payable and accrued liabilities of \$98,677 (2017 - \$40,074).

4. SHORT-TERM INVESTMENT

The Organization's short-term investment comprises a term deposit with an original amount of \$4,735,500 held with its bank, bearing interest at 1.75% per annum, maturing June 2019. For the year ended December 31, 2018, interest of approximately \$43,910 has been earned on this investment.

5. MARKETABLE SECURITIES

The Organization's marketable securities comprise mutual funds in publicly traded entities and are presented on the accompanying statement of financial position net of an impairment allowance of \$Nil (2017 - \$Nil).

6. CASH SURRENDER VALUE OF LIFE INSURANCE

The Organization is the beneficiary of certain life insurance policies which create cash surrender value. Changes in the surrender value of these policies, resulting from the payment of premiums, dividends earned and administration expenses, are reported below operating earnings on the accompanying statement of operations. The aggregate value of the corresponding policies is reported on the accompanying statement of financial position at their cash surrender value at the reporting date.

DYING WITH DIGNITY CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

7. PROPERTY AND EQUIPMENT

	<u>2018</u>	<u>2017</u>
	\$	\$
Computer equipment	27,803	26,619
Leasehold improvement	<u>6,236</u>	<u>-</u>
	34,039	26,619
Accumulated amortization	<u>26,945</u>	<u>26,619</u>
	<u>7,094</u>	<u>-</u>

8. LEASE OBLIGATIONS

The Organization leases its offices in Toronto, Ontario, under operating leases expiring in August 2020. The Organization has options to renew these leases until 2022 at rates to be determined. The annual minimum rental payments, exclusive of occupancy costs, are as follows:

2019	94,901
2020	<u>63,718</u>
	<u>\$158,619</u>