

**Canadian Dental Protective Association**

**Financial Statements**

**February 29, 2012**



Clarkson Rouble LLP  
Chartered Accountants

## **Independent Auditors' Report**

To the members of  
**Canadian Dental Protective Association**

### **Report of the financial statements**

We have audited the accompanying financial statements of **Canadian Dental Protective Association**, which comprise the statement of financial position as at **February 29, 2012** and the statement of operations and changes in net assets 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 generally accepted accounting principles, 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 the 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.

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**Unqualified Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at **February 29, 2012** and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Other matter**

The figures for the year ended February 28, 2011, presented for comparative purposes, are unaudited, and as such, we do not express an audit opinion on them.

*Clarkson Rouble LLP*

**Mississauga, Ontario**  
**July 24, 2012**

**Clarkson Rouble LLP**  
**Chartered Accountants**  
**Licensed Public Accountants**



# Canadian Dental Protective Association

## Statement of Financial Position As at February 29

	2012	2011
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 993,614	\$ 1,066,331
Short-term investments (Note 3)	1,362,354	1,326,376
Sales taxes receivable	-	24,040
Prepaid expenses	-	3,471
	2,355,968	2,420,218
<b>Capital Assets (Note 4)</b>	2,667	4,850
	<b>\$ 2,358,635</b>	<b>\$ 2,425,068</b>

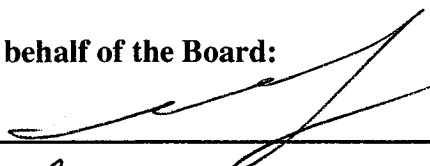
## Liabilities

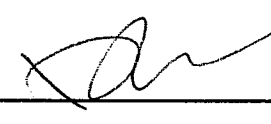
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 228,810	\$ 106,970
Deferred revenue	1,219,320	1,230,273
	1,448,130	1,337,243

## Net Assets

<b>Restricted (Note 5)</b>	279,806	428,078
<b>Unrestricted</b>	630,699	659,747
	910,505	1,087,825
	<b>\$ 2,358,635</b>	<b>\$ 2,425,068</b>

On behalf of the Board:

  
A. BANARK  
Director  
July 31/12

  
Darin Lee  
July 31/12  
Director

# Canadian Dental Protective Association

## Statement of Operations and Changes In Net Assets Year Ended February 29

	2012	2011
<b>Revenue</b>		
Membership fees (Note 5)	\$ 1,448,283	\$ 1,436,280
Risk management seminar	-	3,863
Interest	39,524	35,735
	<u>1,487,807</u>	<u>1,475,878</u>
<b>Expenses</b>		
<b>Program fees and expenses (Note 5)</b>		
Legal panel expenses	702,757	641,885
Meetings	8,069	685
Administrative	89,742	76,399
Program administration	425,000	334,500
	<u>1,225,568</u>	<u>1,053,469</u>
<b>Administrative and general</b>		
AGM expenses	13,432	13,721
Travel	8,850	-
Board expenses	6,328	6,702
Communications Honorarium	30,670	28,500
Executive Director	33,022	43,910
Marketing and promotion	71,660	50,618
Membership services	6,496	10,757
Non program general administration	226,731	170,007
Seminars	13,713	29,294
Non program general and administration	27,684	28,681
Other expenses	973	846
	<u>439,559</u>	<u>383,036</u>
<b>Total expenses</b>	<u>1,665,127</u>	<u>1,436,505</u>
<b>(Deficiency) excess of revenue over expenses for the year</b>	<b>(177,320)</b>	<b>39,373</b>
<b>Net assets, beginning of year</b>	<b>659,747</b>	<b>525,141</b>
<b>Transfer to restricted (Note 5)</b>	<b>148,272</b>	<b>95,233</b>
<b>Net assets, end of year</b>	<b>\$ 630,699</b>	<b>\$ 659,747</b>

# Canadian Dental Protective Association

## Statement of Cash Flows Year Ended February 29

	2012	2011
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses for the year	\$ (177,320)	\$ 39,373
Items not requiring an outlay of cash:		
Amortization of capital assets	2,183	7,864
	(175,137)	47,237
Cash generated from (used for)		
Changes in non-cash working capital items		
Sales taxes receivable	24,040	(3,136)
Prepaid expenses	3,471	(3,471)
Accounts payable and accrued liabilities	121,840	10,875
Deferred revenue	(10,953)	299
<b>(Decrease) increase from operating activities</b>	<b>(36,739)</b>	<b>51,804</b>
<b>Investing activities</b>		
Decrease in short-term investments	(35,978)	(260,493)
<b>Decrease from investing activities</b>	<b>(35,978)</b>	<b>(260,493)</b>
<b>Decrease in cash</b>	<b>(72,717)</b>	<b>(208,689)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,066,331</b>	<b>1,275,020</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 993,614</b>	<b>\$ 1,066,331</b>

# Canadian Dental Protective Association

## Notes to Financial Statements

February 29, 2012

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### 1. Nature of business

The Canadian Dental Protective Association (the "Association") is a not for profit organization incorporated under the laws of Canada providing risk management, litigation support and educational services to its member dentists.

### 2. Significant accounting policies

#### (a) Capital assets

Capital assets are recorded at acquisition cost. Amortization is recorded in the accounts at rates intended to write off the cost of the assets over their estimated useful life. In the year of acquisition, capital assets are amortized at one-half of the normal rate.

Rates are as follows:

Asset	Rate	Method
Computer Equipment	55%	declining balance

#### (b) Revenue recognition

Membership fees are recognized as revenue in the membership year earned. Fees received in advance of the membership year are recorded as deferred revenue. Interest revenue is recognized as revenue in the period earned.

Unrealized gains and losses on financial instruments classified as held-for-trading are recorded in the statement of operations.

#### (c) Financial instruments

Cash and cash equivalents include a 5% bankers acceptance maturing in less than 90 days which has been classified as held-for-trading and is measured at fair value. Short-term investments are classified as held-for-trading and are measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost (Note 7).

#### (d) Contributed Services

Volunteers contribute a significant amount of time to the Association to ensure service program delivery. Because of the difficulty of determining the fair value of contributed services, they are not recognized in the financial statements.

# Canadian Dental Protective Association

## Notes to Financial Statements

February 29, 2012

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(e) **Measurement Uncertainty**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the useful lives for amortization of website development costs. Actual results could differ from these estimates.

### 3. **Short-Term Investments**

Short-term investments comprise fixed-interest bonds, notes and guaranteed investments certificates maturing in one year or more, bearing interest at varying rates approximating market value.

### 4. **Capital assets**

	<b>2012</b>		<b>2011</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 14,865	\$ 12,198	\$ 2,667	\$ 4,850

### 5. **Restricted Net Assets**

The Board of Directors of the Association has allocated a portion of membership fees collected to be used for the purpose of paying legal panel expenses of the members. These internally restricted assets may not be used for any other purpose. Included in membership fees revenue are amounts allocated for the purpose of paying legal panel expenses of \$554,485 (2011 - \$546,652). Included in membership services expense are payments for legal panel expenses totaling \$702,757 (2011 - \$641,885). At year-end, an amount of \$148,272 (2011 - \$95,233) was transferred from the restricted fund to the unrestricted fund to cover the current year legal panel expenses which exceeded the allocated membership fees by this amount.



# **Canadian Dental Protective Association**

## **Notes to Financial Statements**

**February 29, 2012**

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### **6. Financial Instruments**

The Association's financial instruments consist of cash and cash equivalents, short term investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments are noted below:

#### **Fair Value of Financial Instruments**

The fair values of cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying values due to the near term maturity of these financial instruments. The carry value of short-term investments also approximate market as the value of each investment is derived from the market value information in the brokers statement at year-end.

### **7. Comparative figures**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.