

DYING WITH DIGNITY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2010

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Dying With Dignity

We have audited the accompanying financial statements of Dying With Dignity, which comprise the statement of financial position as at December 31, 2010 and the statement of operations, statement of changes in net assets and statement of 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 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 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 of 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dying With Dignity as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

June 3, 2011  
Toronto, Ontario



Connell Hall LLP

DYING WITH DIGNITY  
(a not-for-profit organization)  
BALANCE SHEET  
DECEMBER 31, 2010

ASSETS

|                                       | <u>2010</u>       | <u>2009</u>       |
|---------------------------------------|-------------------|-------------------|
| <b>Current</b>                        |                   |                   |
| Cash and cash equivalents             | \$ 33,709         | \$ 76,287         |
| Amounts receivable                    | 5,179             | 2,546             |
| Prepaid expenses and deposits         | 6,822             | 4,746             |
|                                       | <u>45,710</u>     | <u>83,579</u>     |
| Investments held for trading (Note 4) | 148,861           | 229,422           |
| Capital assets (Note 5)               | <u>4,028</u>      | <u>4,891</u>      |
|                                       | <u>\$ 198,599</u> | <u>\$ 317,892</u> |

LIABILITIES

|  |           |           |
|--|-----------|-----------|
| <b>Current</b>                           |           |           |
| Accounts payable and accrued liabilities | \$ 22,906 | \$ 16,035 |

NET ASSETS

|              |                   |                   |
|--------------|-------------------|-------------------|
| Unrestricted | <u>175,693</u>    | <u>301,857</u>    |
|              | <u>\$ 198,599</u> | <u>\$ 317,892</u> |

Commitments (Note 6)

Approved on behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

(See accompanying notes to the financial statements)

DYING WITH DIGNITY  
(a not-for-profit organization)  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010

|   | <u>2010</u><br><u>Unrestricted</u> | <u>2009</u><br><u>Unrestricted</u> |
|---|------------------------------------|------------------------------------|
| Balance, beginning of year                    | \$ 301,857                         | \$ 455,701                         |
| Excess (deficiency) of revenues over expenses | <u>(126,164)</u>                   | <u>(153,844)</u>                   |
| Balance, end of year                          | <u>\$ 175,693</u>                  | <u>\$ 301,857</u>                  |

(See accompanying notes to the financial statements)

DYING WITH DIGNITY  
(a not-for-profit organization)  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2010

|   | <u>2010</u>             | <u>2009</u>             |
|---|-------------------------|-------------------------|
| <b>Operating revenues</b>                               |                         |                         |
| Donations   | \$ 53,862               | \$ 85,079               |
| Memberships   | 32,614                  | 29,420                  |
| Interest and other investment income                    | 7,889                   | 8,049                   |
| Publication sales                                       | 1,450                   | 291                     |
|   | <u>95,815</u>           | <u>122,839</u>          |
| <br><b>Operating expenses</b>                           |                         |                         |
| Salaries and benefits                                   | 132,234                 | 119,135                 |
| Contracted services                                     | 600                     | 52,095                  |
| Communications  | 12,541                  | 22,440                  |
| Occupancy (Note 6)                                      | 32,435                  | 30,775                  |
| General and administration                              | 16,401                  | 12,703                  |
| Computer and equipment rental                           | 2,745                   | 553                     |
| Volunteer and staff development                         | 13,336                  | 8,678                   |
| Meetings  | 932                     | 4,821                   |
| Legal and audit   | 2,925                   | 23,742                  |
| Bank charges  | 6,967                   | 878                     |
| Amortization of capital assets                          | 863                     | 863                     |
|   | <u>221,979</u>          | <u>276,683</u>          |
| <br><b>Excess (deficiency) of revenue over expenses</b> | <br><u>\$ (126,164)</u> | <br><u>\$ (153,844)</u> |

(See accompanying notes to the financial statements)

DYING WITH DIGNITY  
(a not-for-profit organization)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010

|  | <u>2010</u>      | <u>2009</u>      |
|--|------------------|------------------|
| <b>Cash flows from operating activities</b>                    |                  |                  |
| Revenue received   | \$ 87,926        | \$ 114,790       |
| Interest and investment income and amounts receivable received | 5,256            | 13,188           |
| Payments to suppliers and employees                            | (216,321)        | (268,195)        |
|  | <u>(123,139)</u> | <u>(140,217)</u> |
| <b>Cash flows provided from investing activities</b>           |                  |                  |
| Disposition of investments                                     | 80,561           | 67,608           |
| (Purchase) of capital assets                                   | -                | (5,754)          |
|  | <u>80,561</u>    | <u>61,854</u>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>    | (42,578)         | (78,363)         |
| <b>Cash and cash equivalents, beginning of year</b>            | <u>76,287</u>    | <u>154,650</u>   |
| <b>Cash and cash equivalents, end of year</b>                  | <u>\$ 33,709</u> | <u>\$ 76,287</u> |

(See accompanying notes to the financial statements)

DYING WITH DIGNITY  
(a not-for-profit organization)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

1. Organization and operations

Dying With Dignity was incorporated without share capital as a not-for-profit organization in 1980. Its mandate is to provide:

- (a) education about end of life options and the importance of advance care planning;
- (b) support for individuals at the end of their lives, including support at the bedside of those who wish to determine the nature and timing of their death, and
- (c) information about the choice of dying movement, and the reasons why appropriately regulated medically assisted dying should be legalized in Canada.

Dying With Dignity's charitable status was revoked during 2010 due to late filing of its charitable return. The organization took the steps required by the Canada Revenue Agency (CRA) to have its charitable status reinstated. Notification of reinstatement, effective February 20, 2010 has been received from the CRA in a letter dated May 26, 2011.

Under the Income Tax Act, as a not-for-profit organization, Dying With Dignity is exempt from income taxes.

2. Summary of significant accounting policies

- (a) Revenue recognition

Donations and membership fees are recognized as revenues when received.

Revenues from publication sales are recognized when the sale is completed and collection has been reasonably assured.

- (b) Cash and cash equivalents

Cash and cash equivalents are reported at fair value (see Note 3). Cash consists of cash on hand, bank deposits residing in interest-bearing accounts and money market mutual funds. Dying With Dignity manages its cash and cash equivalents based on its cash flow needs and with a view to optimizing its interest income.

- (c) Investments

Investments held for trading, which consist of preferred shares and investment grade Canadian government and corporate bonds and are intended to be held to maturity, are recorded at fair value (see Note 3).

- (d) Capital assets

Purchases of capital assets are initially capitalized and then amortized on a straight line basis over 5 years.

DYING WITH DIGNITY  
(a not-for-profit organization)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

2. Summary of significant accounting policies (continued)

(e) Measurement uncertainty

The preparation of 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 of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

3. Financial instruments

Dying With Dignity classifies its cash and cash equivalents and investments as financial assets held for trading; amounts receivable are classified as loans and receivables; and, accounts payable and accrued liabilities are classified as other liabilities

Financial instruments classified as held for trading are reported at fair value at the balance sheet date, and any change in fair value is recognized in the statement of operations in the period in which the change occurs.

Financial instruments classified as loans and receivables and other liabilities are carried at amortized cost using the effective interest method.

The carrying value of Dying With Dignity's amounts receivable and accounts payable and accrued liabilities approximates their fair value due to the relatively short term to maturity of those instruments.

Dying With Dignity does not have significant credit risk in respect to its amounts receivable, and has no currency risk.

4. Investments held for trading

Investments held for trading consist of preferred shares and investment grade government and corporate bonds having maturity dates and average interest rates as follows:

|                  | <u>2010</u> | <u>2009</u> |
|------------------|-------------|-------------|
| 2010 - 4.3%      | \$ -        | \$ 49,020   |
| 2013 - 4.59%     | 23,637      | 22,599      |
| 2013 - 4.0%      | 62,779      | 62,779      |
| Preferred shares | 62,445      | 95,024      |
|                  | \$ 148,861  | \$ 229,422  |

DYING WITH DIGNITY  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

4. Investments held for trading (continued)

Balances at December 31, 2010 and 2009 are stated at fair value as reported by RBC Dominion Securities, the investment managers.

Dying With Dignity is exposed to market risk in respect to interest rates on investments. It is the intention of management of Dying With Dignity to hold investments to maturity.

5. Capital assets

|                        | <u>Cost</u>      | <u>Accumulated<br/>Amortization</u> | <u>2010 Net<br/>Book Value</u> | <u>2009 Net<br/>Book Value</u> |
|------------------------|------------------|-------------------------------------|--------------------------------|--------------------------------|
| Computers              | \$ 5,754         | \$ (1,726)                          | \$ 4,028                       | \$ 4,891                       |
| Furniture and fixtures | <u>25,444</u>    | <u>(25,444)</u>                     | <u>-</u>                       | <u>-</u>                       |
|                        | <u>\$ 31,198</u> | <u>\$ (27,170)</u>                  | <u>\$ 4,028</u>                | <u>\$ 4,891</u>                |

6. Lease commitments

The minimum annual rent under a lease agreement for premises that expires August 2011 is as follows:

|      |                 |
|------|-----------------|
| 2011 | <u>\$ 9,592</u> |
|------|-----------------|

Dying With Dignity is also responsible for its share of property taxes, maintenance and other occupancy costs, which are adjusted annually by the landlord.

7. Capital management and disclosures

In managing its capital, the organization focuses on liquid resources available for operations. The organization's objectives are to have sufficient liquid resources and to safeguard its ability to continue operating in order to continue to fulfill its objectives as described in Note 1. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.

8. Future accounting changes

The Canadian Institute of Chartered Accountants has issued new accounting standards for not-for-profit enterprises. The new standards will take effect for fiscal years beginning on or after January 1, 2012. The organization will have the option of choosing a new framework based on International Financial Reporting Standards ("IFRS") or the new Accounting Standards for Private Enterprises ("ASPE") plus the existing Section 4400 reporting standards for not-for-profit organizations.

The organization is currently evaluating the impact that these new standards will have on its financial statements.