



CANADIAN PULMONARY FIBROSIS FOUNDATION

FINANCIAL STATEMENTS

JULY 31, 2018



CANADIAN PULMONARY FIBROSIS FOUNDATION

FINANCIAL STATEMENTS

JULY 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Canadian Pulmonary Fibrosis Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Pulmonary Fibrosis Foundation, which comprise the statement of financial position as at July 31, 2018, and the statements 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 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.

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 organization'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 organization'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.



INDEPENDENT AUDITOR'S REPORT (cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Canadian Pulmonary Fibrosis Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of these revenues was limited to the amounts recorded in the records of Canadian Pulmonary Fibrosis Foundation and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended July 31, 2018 and July 31, 2017, current assets as at July 31, 2018 and July 31, 2017 and net assets as at August 1 and July 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended July 31, 2017 was modified accordingly, because of the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Pulmonary Fibrosis Foundation as at July 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Schwartz Levitsky Feldman LLP".

Toronto, Ontario
October 24, 2018

Chartered Accountants
Licensed Public Accountants

CANADIAN PULMONARY FIBROSIS FOUNDATION
Statement of Financial Position
As at July 31, 2018



	2018	2017
ASSETS		
CURRENT		
Cash	\$ 594,346	\$ 597,830
Short-term investments (note 3)	365,118	352,371
Accounts receivable	-	2,450
Government remittances recoverable	12,193	15,947
Inventory (note 2c)	1,750	1,842
Prepaid expenses	1,621	-
	\$ 975,028	\$ 970,440
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 13,146	\$ 22,267
NET ASSETS		
Unrestricted	961,882	948,173
	\$ 975,028	\$ 970,440

On behalf of the Organization


Director
Director

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

CANADIAN PULMONARY FIBROSIS FOUNDATION

Statement of Operations and Changes in Net Assets

For the year ended July 31, 2018



	2018	2017
REVENUE		
Foundation grants (note 4)	\$ 297,500	\$ 325,270
Donations and fundraising	207,768	176,342
Interest income	3,172	2,560
	508,440	504,172
CHARITABLE EXPENSES		
Grants to charities	305,387	46,124
Program education and consulting	61,370	96,405
Salaries & benefits	34,894	-
Patient support	16,947	6,603
Support website costs	9,613	7,156
Awareness and advocacy	4,903	69,289
Fundraising event costs	1,170	670
	434,284	226,247
EXCESS OF REVENUE OVER CHARITABLE EXPENSES	74,156	277,925
OTHER EXPENSES		
Travel and meeting costs	19,924	5,197
Professional fees	15,254	15,018
Office and general	14,382	17,332
Telephone	7,469	3,482
Bank charges & interest	2,878	2,377
Insurance	540	-
	60,447	43,406
EXCESS OF REVENUE OVER EXPENSES	13,709	234,519
BALANCE, BEGINNING OF YEAR	948,173	713,654
BALANCE, END OF YEAR	\$ 961,882	\$ 948,173

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

CANADIAN PULMONARY FIBROSIS FOUNDATION

Statement of Cash Flows

For the year ended July 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 13,709	\$ 234,519
Change in non-cash working capital items:		
Decrease in accounts receivable	2,450	-
Decrease in government remittances recoverable	3,754	37,415
Decrease in inventory	92	-
Increase in prepaid expenses	(1,621)	-
Decrease in accounts payable and accrued liabilities	(9,121)	(24,063)
	9,263	247,871
INVESTING ACTIVITY		
Increase in short-term investments	(12,747)	(19,439)
NET INCREASE (DECREASE) IN CASH, DURING THE YEAR	(3,484)	228,432
CASH, BEGINNING OF YEAR	597,830	369,398
CASH, END OF YEAR	\$ 594,346	\$ 597,830



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

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2018



1. PURPOSE OF THE ORGANIZATION

The Canadian Pulmonary Fibrosis Foundation of Ontario (“CPFF” or the “Organization”) is a not-for-profit organization incorporated on August 19, 2009 under the laws of Ontario without share capital for the purposes of raising funds for research into the causes and possible treatment of pulmonary fibrosis and to provide support to those suffering from the disease and their families.

CPFF received registered charity status under the Income Tax Act on November 9, 2009 and is exempt from income taxes.

CPFF raises funds by various means including soliciting direct gifts from the public, golf tournament and other fund raising events as may be approved from time to time. The funds so raised are used to donate to Canadian registered charities for the purpose of researching the causes, treatment and care for patients with Pulmonary Fibrosis. CPFF has also developed a website to provide support and advice for people with pulmonary fibrosis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNPO”) and are in accordance with Canadian generally accepted accounting principles. The significant accounting policies set out below have been applied in the preparation of the Organization’s financial statements for July 31, 2018 and have been applied on a basis consistent with that of the previous year.

(a) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Under this method, unrestricted contributions from donations are recognized as revenue when received. Restricted contributions are recognized as revenue in the period the related expenses are incurred.

Foundation grants are received mainly from pharmaceutical companies and are recognized as revenue in the period the grants were approved and received.

Unrestricted contributions are recognized in the period received or receivable.

Fundraising revenue is recognized when the events are completed and when received or receivable.

Donations-in-kind are recognized when the fair value can be reasonably estimated either using the market or appraisal values at the date of the donation.

Interest income is recorded in the statement of operations when received or earned.

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2018



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Short-term Investments

Investments comprising of guaranteed investment certificates with a maturity date of greater than 91 days and less than 12 months, are classified as short-term as it is not management's intention to utilize for operating cash requirements.

(c) Inventory

Inventory of purchased goods for fundraising is valued at lower of cost and replacement value. The cost is determined using a weighted average cost basis.

(d) Contributed Materials and Services

From time to time, volunteers contribute their services to the Organization's programs and activities. Since these services are not normally purchased by the Organization and due to the difficulty of determining the fair value of such services, they are not recognized in these financial statements.

(e) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include short-term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(f) Use of Estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items requiring estimates and assumptions include the fair value of donations-in-kind. These estimates are reviewed periodically and adjustments made to income in the period such adjustments occur.

3. SHORT-TERM INVESTMENTS

Short-term investments represent a one year guaranteed investment certificate, maturing on June 4, 2019 and earning interest at 1.75%.

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2018



4. FOUNDATION GRANTS

During the year, the Organization received \$182,000 from two third party institutions to fund two fellowship awards. As at year end, the fellowship grants were awarded to the two qualified recipients.

5. COMMITMENTS

CPFF has entered into strategic partnerships to support important research initiatives.

In collaboration with Victoria Hospital, CPFF is funding the “Validation of the risk stratification score in the idiopathic pulmonary fibrosis” study. The CPFF is committed to the Victoria Hospital for a total of \$14,029 paid evenly over 2017, 2018 and 2019. The funds provided by CPFF can only be used for the above mentioned purpose.

6. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization’s risk exposure and concentrations at July 31, 2018 which did not change significantly from the previous period unless otherwise noted.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is primarily exposed to credit risk from its cash and short-term investments held at two financial institutions. The Organization's banks are established reputable financial institutions in Canada and therefore believes this risk is not significant.

(b) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligation as they become due. CPFF is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from contribution and grant revenues. The exposure is minimal at the year-end.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. The Organization's short-term investment is a fixed-rate instrument, which subjects the Organization to a fair value risk. The Organization believes that the exposure is not significant.

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2018



7. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the year:

- a) The Organization paid its treasurer an amount of \$838 (\$843 in 2017) for reimbursement of expenses incurred in the normal course of operations.
- b) The Organization paid its directors a total amount of \$19,924 (\$7,518 in 2017) which represents reimbursements for meeting costs relating to Organization's annual general meeting and Board of Directors meetings.
- c) The Organization paid its Executive Director salaries and benefits of \$34,767 (\$nil in 2017) based on approved compensation arrangements commencing in the current year.
- d) The Organization paid its Directors an amount of \$15,783 (\$5,203 in 2017) for reimbursement of expenses incurred for hosting support group sessions, patient support and patient education forums.

8. SUBSEQUENT EVENTS

On August 7, 2018, the Organization received \$45,000 from a third party institution to fund research projects.

In collaboration with St. Joseph's Hospital, on August 8, 2018, CPFF funded an amount of \$20,000 to the Firestone Institute for Respiratory Health at McMaster University to perform idiopathic pulmonary fibrosis research. The funds provided can only be used for the above mentioned purpose.

In collaboration with St. Paul's Hospital, on August 8, 2018, CPFF has funded an amount of \$18,072 to the Centre of Heart Lung Innovation at the University of British Columbia to perform idiopathic pulmonary fibrosis research. The funds provided can only be used for the above mentioned purpose.

9. COMPARATIVE FIGURES

Certain figures for 2017 have been reclassified to conform to the presentation adopted in the current year's financial statements.