



CANADIAN PULMONARY FIBROSIS FOUNDATION

FINANCIAL STATEMENTS

JULY 31, 2023



CANADIAN PULMONARY FIBROSIS FOUNDATION

FINANCIAL STATEMENTS

JULY 31, 2023

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Schwartz Levitsky Feldman llp

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO • MONTREAL



INDEPENDENT AUDITOR'S REPORT

To the Directors of
Canadian Pulmonary Fibrosis Foundation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Canadian Pulmonary Fibrosis Foundation (the "Organization"), which comprise the statement of financial position as at July 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, 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, 2023 and 2022, current assets and liabilities as at July 31, 2023 and 2022, and net assets as at and July 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended July 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified opinion.

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INDEPENDENT AUDITOR'S REPORT (cont'd)

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.

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 Organization's internal control.

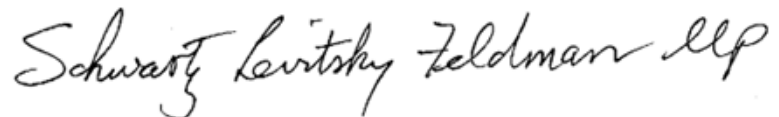
INDEPENDENT AUDITOR'S REPORT (cont'd)

- ♦ 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.

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.



Toronto, Ontario
January 25, 2024

Chartered Professional Accountants
Licensed Public Accountants

CANADIAN PULMONARY FIBROSIS FOUNDATION
Statement of Financial Position
As at July 31, 2023



	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,448,147	\$ 1,196,659
Externally restricted cash (note 3)	81,800	270,000
Short-term investments	603,829	509,450
Government remittances recoverable	52,397	14,034
Prepaid expenses	3,002	1,621
	\$ 2,189,175	\$ 1,991,764
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 40,016	\$ 106,144
Deferred revenue (note 3)	81,800	270,000
	121,816	376,144
NET ASSETS		
Unrestricted	2,067,359	1,615,620
	\$ 2,189,175	\$ 1,991,764

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****For the year ended July 31, 2023**

	2023	2022
REVENUE		
Donations and fundraising	\$ 896,176	\$ 333,107
Foundation grants (note 3)	402,600	612,667
Interest income	20,705	1,083
Consulting fees	3,040	-
	1,322,521	946,857
CHARITABLE EXPENSES		
Awareness and advocacy	229,371	180,887
Fellowship and research grants to institutions	180,000	270,000
Patient support	163,535	195,779
Program education and consulting	120,973	101,299
Support website costs	47,269	39,403
Fundraising event costs	8,609	-
	749,757	787,368
EXCESS OF REVENUE OVER CHARITABLE EXPENSES	572,764	159,489
ADMINISTRATIVE EXPENSES		
Office and general	36,438	24,010
Professional fees	29,262	18,004
Salaries and benefits	25,282	22,669
Travel and meeting costs	14,132	36
Telephone	8,489	7,225
Interest and bank charges	4,004	9,249
Insurance	3,418	3,813
	121,025	85,006
EXCESS OF REVENUE OVER EXPENSES	\$ 451,739	\$ 74,483

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

CANADIAN PULMONARY FIBROSIS FOUNDATION**Statement of Changes in Net Assets****For the year ended July 31, 2023**

	Unrestricted	Total 2023	Total 2022
BALANCE, BEGINNING OF YEAR	\$ 1,615,620	\$ 1,615,620	\$ 1,541,137
Excess of revenue over expenses	451,739	451,739	74,483
BALANCE, END OF YEAR	\$ 2,067,359	\$ 2,067,359	\$ 1,615,620

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, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 451,739	\$ 74,483
Change in non-cash working capital items:		
Decrease in inventory	-	1,750
Increase in government remittances recoverable	(38,363)	(1,200)
Increase in prepaid expenses	(1,381)	-
Increase (decrease) in accounts payable and accrued liabilities	(66,128)	9,016
Increase (decrease) in deferred revenue	(188,200)	140,000
	157,667	224,049
INVESTING ACTIVITIES		
Decrease (increase) in externally restricted cash	188,200	(140,000)
Decrease in internally restricted cash	-	6,027
Increase in short-term investments	(94,379)	(57,432)
	93,821	(191,405)
NET INCREASE IN CASH, DURING THE YEAR	251,488	32,644
CASH, BEGINNING OF YEAR	1,196,659	1,164,015
CASH, END OF YEAR	\$ 1,448,147	\$ 1,196,659

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

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2023



1. PURPOSE OF THE ORGANIZATION

The Canadian Pulmonary Fibrosis Foundation (“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, corporate sponsorships/grants and various fund-raising events as may be approved from time to time. The funds so raised are used to support the Vision and Mission of the Organization.

The CPFF Vision statement is to work towards a world free of pulmonary fibrosis.

The Organization’s Mission statement is to improve the lives of Canadians living with pulmonary fibrosis by providing compassionate support, leading advocacy, raising awareness, funding research and inspiring hope.

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, 2023 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 in the current period in unrestricted net assets and restricted contributions are deferred and recognized as revenue in the period the related expenses are incurred in restricted net assets.

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

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2023



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

(a) Revenue Recognition (cont'd)

Foundation grants are recognized as revenue in the period the grants are received or receivable provided the terms and conditions of the grants are complied with.

Stock donations 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 recognized in the statement of operations when earned.

Consulting fees are recognized when there is persuasive evidence that an arrangement exists which is when a contract or equivalent is signed by both parties, the services have been performed, no further performance obligations remain under the contract, price is fixed or determinable and ultimate collection is reasonably assured at the time of performance.

(b) Short-term Investments

Short-term investments consist of money market funds, which are classified separately in current assets since they are capable of reasonably prompt liquidation and it is not management's intention to utilize for operating cash requirements.

(c) 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 in determining and measuring the fair value of such services, they are not recognized in these financial statements.

(d) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value.

Subsequently, the Organization measures all its financial assets and financial liabilities at cost or amortized cost.

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

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

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2023



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

(e) 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 stock donations. These estimates are reviewed periodically and adjustments made to income in the period such adjustments occur.

(f) Allocated Expenses

The Organization allocates certain expenses to various pillars as identified in the Organization's mission statement. The percentage allocation is in the same proportion as the allocation of grants revenue set by the Board of Directors, based on the time and hours spent on each pillar.

3. EXTERNALLY RESTRICTED CASH AND DEFERRED REVENUE

Externally restricted cash represents unutilized grants. During the year, the Organization received a grant of \$46,800 from one of the pharmaceutical companies for the purpose of developing an Indigenous Patient Story of which the unspent amount of \$31,800 was deferred at year-end.

During the year ended July 31, 2022, the Organization received a \$150,000 research grant, of which \$50,000 remains unspent and has been deferred at year-end.

	2023	2022
Deferred revenue, beginning of year	\$ 270,000	\$ 130,000
Received in the year	214,400	752,667
Recognized as revenue for expenses incurred	(402,600)	(612,667)
Balance, end of year	\$ 81,800	\$ 270,000

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2023



4. 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, 2023 which did not change significantly from the previous period unless otherwise noted.

Liquidity Risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its financial liabilities and mitigates this risk through sound management of its working capital. Management believes that the exposure is minimal at the year-end.

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.

Market Risk

Market risk is the risk that the fair value or future cash flows of the Organization's financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk. The Organization does not use derivative financial instruments to reduce its exposure to this risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the year-end, the Organization held in short-term investments which subjects the Organization to a fair value risk. Management does not consider this risk to be significant given the Organization's sound financial position.

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2023



5. ALLOCATION OF EXPENSES BY FUNCTION

The Organization allocates salaries and consulting expenses to various pillars as identified in the Organization's mission statement.

The percentage allocation is in the same proportion as the allocation of grants revenue set by the Board of Directors, based on the time and hours spent on each pillar

	2023 (%)	2022 (%)
In Percentages:		
Awareness and advocacy	40	40
Patient support	23	23
Program education and consulting	23	23
General and administrative	14	14
	100	100

	2023	2022
Awareness and advocacy	\$ 205,529	\$ 175,993
Patient support	118,179	101,196
Program education and consulting	118,179	101,196
General and administrative	71,935	61,598
	\$ 513,822	\$ 439,983

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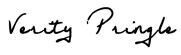

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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
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Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
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Signing Complete	Security Checked	5/31/2024 7:18:23 AM
Completed	Security Checked	6/2/2024 11:49:34 AM

Payment Events

Status

Timestamps