



CANADIAN PULMONARY FIBROSIS FOUNDATION

FINANCIAL STATEMENTS

JULY 31, 2024

CANADIAN PULMONARY FIBROSIS FOUNDATION

FINANCIAL STATEMENTS

JULY 31, 2024

TABLE OF CONTENTS

Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12

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, 2024, 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, 2024, 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 (ASNPO).

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, 2024 and 2023, current assets and liabilities as at July 31, 2024 and 2023, and net assets as at August 1 and July 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended July 31, 2023 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.

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.

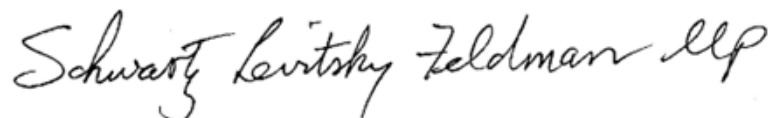
INDEPENDENT AUDITOR'S REPORT (cont'd)

- ♦ 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 23, 2025

Chartered Professional Accountants
Licensed Public Accountants

CANADIAN PULMONARY FIBROSIS FOUNDATION

Statement of Financial Position

As at July 31, 2024



	2024	2023
ASSETS		
CURRENT		
Cash	\$ 1,013,595	\$ 1,448,147
Externally restricted cash (note 3)	-	81,800
Short-term investments	658,142	603,829
Government remittances recoverable	32,876	52,397
Prepaid expenses and deposits	31,627	3,002
	\$ 1,736,240	\$ 2,189,175
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 123,027	\$ 40,016
Deferred revenue (note 3)	-	81,800
	123,027	121,816
NET ASSETS		
Unrestricted	1,613,213	2,067,359
	\$ 1,736,240	\$ 2,189,175

On behalf of the Organization

Director

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, 2024



	2024	2023
REVENUE		
Foundation grants (note 3)	\$ 300,300	\$ 402,600
Donations and fundraising (note 4)	279,285	896,176
Interest income	29,614	20,705
Consulting fees	-	3,040
	609,199	1,322,521
CHARITABLE EXPENSES		
Awareness and advocacy	322,125	229,371
Fellowship and research grants to institutions	180,000	180,000
Patient support	175,060	163,535
Program education and consulting	139,465	120,973
Support website costs	51,837	47,269
Fundraising event costs	15,401	8,609
	883,888	749,757
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS	(274,689)	572,764
ADMINISTRATIVE EXPENSES		
Office and general	49,009	36,438
Professional fees	39,862	29,262
Travel and meeting costs	37,223	14,132
Salaries and benefits	34,112	25,282
Telephone	8,516	8,489
Interest and bank charges	6,544	4,004
Insurance	4,191	3,418
	179,457	121,025
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (454,146)	\$ 451,739

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, 2024



	Unrestricted	Total 2024	Total 2023
BALANCE, BEGINNING OF YEAR	\$ 2,067,359	\$ 2,067,359	\$ 1,615,620
Excess (deficiency) of revenue over expenses	(454,146)	(454,146)	451,739
BALANCE, END OF YEAR	\$ 1,613,213	\$ 1,613,213	\$ 2,067,359

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, 2024



	2024	2023
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (454,146)	\$ 451,739
Change in non-cash working capital items:		
Decrease (increase) in government remittances recoverable	19,521	(38,363)
Increase in prepaid expenses and deposits	(28,625)	(1,381)
Increase (decrease) in accounts payable and accrued liabilities	83,011	(66,128)
Decrease in deferred revenue	(81,800)	(188,200)
	(462,039)	157,667
INVESTING ACTIVITIES		
Decrease in externally restricted cash	81,800	188,200
Increase in short-term investments	(54,313)	(94,379)
	27,487	93,821
NET INCREASE (DECREASE) IN CASH, DURING THE YEAR	(434,552)	251,488
CASH, BEGINNING OF YEAR	1,448,147	1,196,659
CASH, END OF YEAR	\$ 1,013,595	\$ 1,448,147

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

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2024



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 through various channels, including public donations, corporate sponsorships and grants, and approved fundraising events. These funds are dedicated to supporting the Organization's Vision and Mission.

The Vision of CPFF is to strive for a world free of pulmonary fibrosis.

The Mission of the Organization is to enhance the lives of Canadians affected by pulmonary fibrosis by offering compassionate support, leading advocacy efforts, 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 and include the following significant accounting policies:

(a) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Under this method, unrestricted contributions are recognized as revenue when received or receivable if the amount to be received is reasonably estimable and collection is reasonably assured. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

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

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 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.

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2024



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

(b) Short-Term Investments

Short-term investments consist of money market funds, classified under current assets as they can be liquidated quickly and is not intended for operational cash needs.

(c) Contributed Materials and Services

Volunteers occasionally contribute their time and services to the Organization's programs and activities. However, as these services are not typically purchased by the Organization and their fair value is challenging to determine and measure, they are not reflected in the 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 cash, short-term investments and deposits.

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

(e) Use of Estimates

The preparation of these financial statements in accordance 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 as adjustments become necessary, they are reported in earnings in the period in which they become known.

(f) Allocated Expenses

The Organization allocates specific expenses across the pillars outlined in its mission statement. This allocation is determined using the same proportional method as the grant revenue allocation set by the Board of Directors, based on the time and effort dedicated to each pillar.

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2024



3. EXTERNALLY RESTRICTED CASH AND DEFERRED REVENUE

The Organization fully utilized all grants received in fiscal year 2024, with no amounts deferred at year-end. During the year, \$180,000 from a pharmaceutical company was received and allocated to fund three fellowship awards. Additionally, \$38,500 in foundation grants was used to develop a rare disease awareness campaign. Previously deferred grant revenue of \$81,800 was utilized for the development of an oxygen paper publication and the Indigenous Patient Story. As of July 31, 2023, externally restricted cash reflects unutilized grant funds.

	2024	2023
Deferred revenue, beginning of year	\$ 81,800	\$ 270,000
Received in the year	218,500	214,400
Recognized as revenue for expenses incurred	(300,300)	(402,600)
Balance, end of year	\$ -	\$ 81,800

4. DONATIONS AND FUNDRAISING

	2024	2023
Cash donations	\$ 230,028	\$ 267,312
Stock donations	25,280	73,984
Donation from other charities	23,977	58,633
Bequests	-	496,247
	\$ 279,285	\$ 896,176

5. 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, 2024 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.

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2024



5. FINANCIAL INSTRUMENTS (cont'd)

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.

6. 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.

	2024 (%)	2023 (%)
In Percentages:		
Awareness and advocacy	40	40
Patient support	23	23
Program education and consulting	23	23
General and administrative	14	14
	100	100

CANADIAN PULMONARY FIBROSIS FOUNDATION

Notes to Financial Statements

July 31, 2024



6. ALLOCATION OF EXPENSES BY FUNCTION (cont'd)

	2024	2023
Awareness and advocacy	\$ 238,181	\$ 205,529
Patient support	136,954	118,179
Program education and consulting	136,954	118,179
General and administrative	83,363	71,935
	<u>\$ 595,452</u>	<u>\$ 513,822</u>

7. SUBSEQUENT EVENTS

During the year, the Organization secured two additional grants from Boehringer Ingelheim Ltd., amounting to \$180,000 and \$50,850. These grants were designated to sponsor fellowship awards and to fund the production of the "Connective Tissue Diseases and Pulmonary Fibrosis Explainer Video," respectively. However, as the grants were received after year-end, they have not been recorded in these financial statements.