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**PULMONARY HYPERTENSION ASSOCIATION OF  
CANADA**

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**FINANCIAL STATEMENTS**

December 31, 2021

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# PULMONARY HYPERTENSION ASSOCIATION OF CANADA

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of Pulmonary Hypertension Association of Canada

### Qualified Opinion

We have audited the financial statements of Pulmonary Hypertension Association of Canada, which comprise the statement of financial position as at December 31, 2021, and the statement of operations and 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 and other explanatory information.

In our opinion, except for the 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 Association as at December 31, 2021, and its financial performance 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 revenues 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 Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2021, current assets as at December 31, 2021, and net assets as at January 1, 2021 and December 31, 2021. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2020 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

### Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on December 6, 2021 on those financial statements for the reasons described in the Basis for Qualified Opinion section.

## **Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association's internal control.
- 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 Association'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 Association 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 Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*Lohn Caulder LLP*

Chartered Professional Accountants  
Vancouver, BC  
June 3, 2022

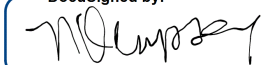
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# PULMONARY HYPERTENSION ASSOCIATION OF CANADA

## STATEMENT OF FINANCIAL POSITION


As at December 31

	2021	2020
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	328,146	344,920
Restricted cash (note 3)	1,650	1,650
Receivables	18,971	6,236
GST receivable	6,184	7,002
Prepaid expenses	3,929	7,023
Investments (note 4)	218,217	216,128
	577,097	582,959
<b>Deposit</b> (note 10)	21,390	21,390
<b>Capital Assets</b> (note 5)	49,795	65,507
	648,282	669,856
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable (note 6)	33,452	10,407
Deferred contributions (note 8)	54,996	154,356
	88,448	164,763
<b>Net Assets</b> (note 9)	559,834	505,093
	648,282	669,856

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Director

**APPROVED ON BEHALF OF THE BOARD:**

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Director

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

# PULMONARY HYPERTENSION ASSOCIATION OF CANADA

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

	Year ended December 31	
	2021	2020
	\$	\$
<b>Revenues</b>		
Donations	156,960	76,122
Fundraising	9,188	11,435
Grants	11,423	3,907
Investment income	2,116	8,212
Membership dues	50,000	50,000
Miscellaneous	556	15,962
Sponsorships	336,767	266,500
	<b>567,010</b>	432,138
<b>Expenditures</b>		
Awareness and promotion	9,878	19,349
Amortization	15,711	8,150
Conference and conference support	26,445	1,449
Design and translation	31,482	6,716
Education	1,639	398
General and administrative	42,234	30,742
Insurance	2,609	2,540
Interest and bank charges	5,771	4,954
Membership dues	1,732	1,739
Printing and postage	33,357	6,224
Rent and occupancy	27,152	26,972
Scholarships	15,000	15,000
Sub-contracts	16,466	66,165
Telephone	5,917	5,416
Wages and benefits	272,498	188,580
Website	4,378	5,266
	<b>512,269</b>	389,660
<b>Excess of Revenues Over Expenditures</b>	<b>54,741</b>	42,478
<b>Net Assets Unrestricted, beginning of year</b>	<b>505,093</b>	462,615
<b>Net Assets Unrestricted, end of year</b>	<b>559,834</b>	505,093

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

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## PULMONARY HYPERTENSION ASSOCIATION OF CANADA

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### STATEMENT OF CASH FLOWS

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For the year ended December 31

	2021 \$	2020 \$
<b>Cash Provided By:</b>		
<b>Operations</b>		
Excess of revenues over expenditures	54,741	42,478
Amortization	15,711	8,150
	70,452	50,628
Changes in non-cash operating capital:		
Accounts receivable	(12,732)	(6,175)
Accounts payable and accrued liabilities	23,043	(8,407)
GST receivable	818	(4,086)
Deferred contributions	(99,360)	112,056
Prepaid expenses	3,094	2,768
	(14,685)	146,784
<b>Investments</b>		
Investments acquired (net)	(2,089)	(8,122)
Purchase of capital assets	-	(24,357)
	(2,089)	(32,479)
<b>(Decrease) Increase In Cash</b>	<b>(16,774)</b>	<b>114,305</b>
<b>Cash, beginning of year</b>	<b>346,570</b>	<b>232,265</b>
<b>Cash, end of year</b>	<b>329,796</b>	<b>346,570</b>
<b>Cash Consists of:</b>		
Cash and cash equivalents	328,146	344,920
Restricted cash	1,650	1,650
	<b>329,796</b>	<b>346,570</b>

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



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# PULMONARY HYPERTENSION ASSOCIATION OF CANADA

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## NOTES TO FINANCIAL STATEMENTS

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December 31, 2021

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### 1. Nature of the Organization

The Pulmonary Hypertension Society of Canada was federally incorporated on February 19, 1999 and was registered with the Charities Division, Canada Revenue Agency as a public foundation. In 2008, the name was changed to the Pulmonary Hypertension Association of Canada (the "Association"). The Association is exempt from federal income taxes and can issue charitable donation receipts.

The purpose of the Association is to undertake public education, patient, and caregiver support, as well as the dissemination and publication of information about Pulmonary Hypertension. The Association seeks to advocate for persons suffering from Pulmonary Hypertension in Canada, and to promote and provide funds for research into the cause, control and treatment of Pulmonary Hypertension or the incidence therefrom.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of the Foundation have been prepared in accordance with the Canadian accounting standards for Not-for-Profit Organizations.

#### Revenue Recognition

The Association follows the deferral method of accounting for contributions. Contributions include the following: Donations, Sponsorships, and Grants. Where the use of the contributions has restrictions that not been met by year-end, these unspent restricted contributions are recorded as deferred contributions until the restrictions are met.

Membership dues are recognized as revenue proportionately over the fiscal year to which they relate.

Fundraising revenue is recognized upon the receipt of funds.

Investment income is recorded on an accrual basis earned over time.

The Association is the recipient of gift in kind donations from time to time. The Association records these donations at estimated fair market value.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid and for which the original maturities are less than three months.

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# PULMONARY HYPERTENSION ASSOCIATION OF CANADA

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## NOTES TO FINANCIAL STATEMENTS

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December 31, 2021

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### 2. Summary of Significant Accounting Policies (Cont.)

#### Financial Instruments

Financial instruments are initially measured at fair value and equity instruments are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost. Changes in fair value are recognized in the statement of operations.

#### Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probably set of economic actions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate. Significant estimates include the estimated useful life of tangible capital assets, and the allocation of wages and benefits reporting against various sponsored program and initiatives. While management believes that the estimates utilized in preparing these financial statements are reasonable and prudent, actual results could differ from those estimates.

#### Donated Services

The work of the Association depends on the voluntary services of many members. Donated services are not recorded in these financial statements.

#### Capital Assets

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When conditions indicate that a tangible asset is impaired, its net carrying amount shall be written down to the asset's fair value. Amortization charges are calculated at the following annual rates subject to half of the rate in the year of acquisition:

Furniture and fixtures	30% declining balance
Computer equipment	5 years straight-line
Website	5 years straight-line

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## PULMONARY HYPERTENSION ASSOCIATION OF CANADA

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### NOTES TO FINANCIAL STATEMENTS

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December 31, 2021

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#### 3. Restricted Cash

Restricted cash consists of funds that are restricted in that they are to be used to cover future expenditures relating to patients in British Columbia.

#### 4. Investments

Investment represent two Guaranteed Investment Certificates (GIC) bearing interest at rates from 0.35% to prime minus 2.2% maturing from January 2022 to July 2023.

#### 5. Capital Assets

	2021		2020
	\$		\$
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Computer Equipment	7,344	7,344	-
Furniture & Fixtures	5,578	5,160	418
Website	70,539	21,162	49,377
	<b>83,461</b>	<b>33,666</b>	<b>49,795</b>
			65,507

During the year, \$14,108 amortization expense was recorded on the website.

#### 6. Accounts Payable

	2021	2020
	\$	\$
Accounting accrual	21,000	6,000
Payroll accrual	6,145	3,080
Trade accounts payable	6,307	1,327
	<b>33,452</b>	10,407

Included in trade accounts payable is a Mastercard credit (debit) balance of (\$201) (2020 - \$1,059). The balance payable is secured by a \$7,219 GIC included in investments.

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# PULMONARY HYPERTENSION ASSOCIATION OF CANADA

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## NOTES TO FINANCIAL STATEMENTS

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December 31, 2021

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### 7. Financial Instruments

The following analysis provides a measure of the Association's exposure of risks and concentrations of risk in its financial instruments as of its year-end:

Market and Interest Rate Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument 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 Association is subject to interest rate risk on its fixed rate guaranteed investment certificates

### 8. Deferred Contributions

Deferred contributions includes a) amounts received in advance to be earned in future periods or b) amounts received for which their use has been restricted by the donors but have not been spent at year end:

	<b>2021</b>	<b>2020</b>
	\$	\$
Sponsorships, research and connections	<b>9,786</b>	120,693
Corporate dues	<b>25,065</b>	17,565
Donations BC Patients	<b>1,650</b>	1,650
Scholarships	<b>18,495</b>	14,448
	<b>54,996</b>	154,356

### 9. Net Assets

The following is a breakdown of net assets:

	<b>2021</b>	<b>2020</b>
	\$	\$
Net assets - unrestricted	<b>510,039</b>	439,586
Net assets - invested in capital assets	<b>49,795</b>	65,507
	<b>559,834</b>	505,093

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# PULMONARY HYPERTENSION ASSOCIATION OF CANADA

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## NOTES TO FINANCIAL STATEMENTS

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### 10. Commitments

In 2021, the Association entered into a one year lease agreement of its premises that expires April 30, 2022. Total operating lease commitments for 2022 are \$9,697. The lease agreement was not renewed and the Association has transitioned to being fully remote.

In 2021, the Association extended their agreement with Delta Hotels Ottawa City Centre for a future event expected to occur on June 15, 2025. The Association paid a non-refundable deposit of \$21,390 on signing the contract on September 20, 2019. The Association agreed to make a non-refundable deposit of \$10,000 on March 14, 2025 and \$54,170 on May 16, 2025. Any outstanding balance will be charged to the Association's credit card within 30 days of event date.

### 11. Comparative Figures

The prior year's financial statements were audited by another firm of Chartered Professional Accountants.

Certain comparative figures have been reclassified to conform with the current year's presentation.

### 12. Contingency

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide.

The Association has continued to primarily operate remotely for the fiscal year, as positions remained home-based to allow for social distancing. As in the prior year, the Association did not conduct any in-person events, meetings, and fundraising activities. Despite the negative economic environment, the Association has experienced improved financial performance. The future is still subject to increased uncertainties due to the continuation of the pandemic and it is not possible to estimate the impact on the organization for future periods.