
**PULMONARY HYPERTENSION ASSOCIATION OF
CANADA**

FINANCIAL STATEMENTS

December 31, 2022

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

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INDEPENDENT AUDITOR'S REPORT

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, 2022, 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, and schedule of general and administrative expenses.

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, 2022, 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, 2022, current assets as at December 31, 2022, and net assets as at December 31, 2022.

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.

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.

Lohn Caulder LLP

Chartered Professional Accountants
Vancouver, BC
May 10, 2023


PULMONARY HYPERTENSION ASSOCIATION OF CANADA

STATEMENT OF FINANCIAL POSITION


As at December 31

	2022	2021
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	1,005,209	329,796
Receivables (note 3)	285,000	18,971
GST receivable	4,912	6,184
Prepaid expenses	10,840	3,929
Deposit (note 11)	21,390	-
Investments (note 4)	220,998	218,217
	1,548,349	577,097
Deposit (note 11)	-	21,390
Capital Assets (note 5)	46,136	49,795
	1,594,485	648,282
LIABILITIES		
Current		
Accounts payable (note 6)	36,340	33,452
Deferred contributions (note 7)	412,984	54,996
	449,324	88,448
Net Assets (note 8)	1,145,161	559,834
	1,594,485	648,282

APPROVED ON BEHALF OF THE BOARD:

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Director

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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	
	2022	2021
	\$	\$
Revenues		
Donations (note 9)	840,547	156,960
Fundraising	28,155	9,188
Grants (note 10)	42,213	11,423
Investment income	18	2,116
Membership dues	50,065	50,000
Miscellaneous	917	556
Sponsorships	267,246	336,767
	1,229,161	567,010
Expenditures		
Awareness and promotion	13,423	9,878
Amortization	16,877	15,711
Conference and conference support	22,232	26,445
Design	3,187	3,378
Education	-	1,639
General and administrative (schedule A)	38,160	42,234
Insurance	2,521	2,609
Interest and bank charges	12,141	5,771
Membership dues	2,447	1,732
Printing and postage	33,438	33,357
Rent and occupancy	13,769	27,152
Scholarships	25,000	15,000
Sub-contracts	11,777	16,466
Telephone	6,022	5,917
Translation	26,555	28,104
Travel and accommodations	11,189	-
Wages and benefits	400,522	272,498
Website	4,574	4,378
	643,834	512,269
Excess of Revenues Over Expenditures	585,327	54,741
Net Assets Unrestricted, beginning of year	559,834	505,093
Net Assets Unrestricted, end of year	1,145,161	559,834

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

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

STATEMENT OF CASH FLOWS

For the year ended December 31

	2022 \$	2021 \$
Cash Provided By:		
Operations		
Excess of revenues over expenditures	585,327	54,741
Amortization	16,877	15,711
	602,204	70,452
Changes in non-cash operating capital:		
Receivables	(266,029)	(12,732)
Accounts payable	2,888	23,043
GST receivable	1,273	818
Deferred contributions	357,988	(99,360)
Prepaid expenses	(6,911)	3,094
	691,413	(14,685)
Investments		
Investments acquired (net)	(2,782)	(2,089)
Purchase of capital assets	(13,218)	-
	(16,000)	(2,089)
Increase (Decrease) In Cash	675,413	(16,774)
Cash, beginning of year	329,796	346,570
Cash, end of year	1,005,209	329,796
Cash Consists of:		
Cash and cash equivalents	1,005,209	329,796

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

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 have 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 bank balances.

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 probable 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 programs 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

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

3. Receivables

Receivables represent a grant receivable and is recorded net of allowance for doubtful accounts in the amounts of \$nil (2021:\$nil). Refer to note 10.

4. Investments

Investment represents a Guaranteed Investment Certificate (GIC) bearing interest at a fixed rate of 0.55% and maturing July 2023. The full amount of the GIC is cashable annually in July and no partial redemption is allowed during the year.

5. Capital Assets

	2022		2021	
	\$		\$	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equipment	13,217	2,643	10,574	-
Furniture & Fixtures	5,578	5,285	293	418
Website	70,539	35,270	35,269	49,377
	89,334	43,198	46,136	49,795

6. Accounts Payable

	2022	2021
	\$	\$
Accounting accrual	8,000	21,000
Payroll accrual	9,040	6,145
Vacation accrual	11,460	-
Trade accounts payable	7,840	6,307
	36,340	33,452

Included in trade accounts payable is a Mastercard credit (debit) balance of \$5,969 (2021 - (\$201)). The balance payable is secured by a \$10,000 GIC included in investments.

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

7. Deferred Contributions

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

	2022 \$	2021 \$
Research funds	23,801	2,500
Sponsorships and connections	5,000	7,286
Corporate dues	-	25,065
Grant for PH Research Capacity Building Project (note 10)	374,049	-
Donations BC Patients	1,650	1,650
Scholarships	8,484	18,495
	<hr/> 412,984	<hr/> 54,996

8. Net Assets

The following is a breakdown of net assets:

	2022 \$	2021 \$
Net assets - unrestricted	1,099,025	510,039
Net assets - invested in capital assets	46,136	49,795
	<hr/> 1,145,161	<hr/> 559,834

9. Donations

During the year, the Association received a donation in-kind valued at \$5,400 for the use of contributed office space (2021: \$nil).

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

10. Grants

The Association received \$1,262 (2021: \$6,831) in wage subsidy from BioTalent Canada.

Pursuant to a letter of agreement, effective July 1, 2022, signed by the Association and a registered charity the registered charity has agreed to provide the Association with a grant of \$415,000 in support of the Association's PH Research Capacity Building Project ("Project"). The funding will be advanced over two years, and \$130,000 of the funds were received in the year and the remainder of \$285,000 is to be advanced in 2023. The grant is restricted solely for use in supporting the Project and any portion of the grant not spent shall be returned to the grantor. Refer to note 7 for the amount of the grant deferred.

11. Commitments

In 2021, the Association entered into a one year lease agreement of its premises that expired April 30, 2022. The lease agreement was not renewed and the Association has transitioned to being fully remote.

During the year, the Association amended their agreement with Delta Hotels Ottawa City Centre for a future event expected to occur June 7 to June 12, 2023. 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, 2023 and \$31,235 on May 16, 2023. Any outstanding balance will be charged to the Association's credit card within 30 days of the event date. The original event date of June 15, 2025 and the scheduled deposit payment dates and amounts were revised in the amended agreement.

12. Comparative Figures

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

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31	
	2022	2021
	\$	\$
General and Administrative Expenses		
Accounting and legal	9,591	15,000
Computer equipment	271	271
Computer software	15,299	17,110
GST expense	6,022	6,315
Office supplies	6,977	3,668
Seed grants (recoveries)	-	(130)
	38,160	42,234

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