

**PULMONARY HYPERTENSION
ASSOCIATION OF CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
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DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of
Pulmonary Hypertension Association of Canada

Report on the Financial Statements

We have audited the financial statements of Pulmonary Hypertension Association of Canada as at December 31, 2016 which comprise the statement of financial position as at December 31, 2016 and the statements of operations and net assets and cash flows for the year ended December 31, 2016 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.

Auditors' 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 auditors' 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 entity'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 entity'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.

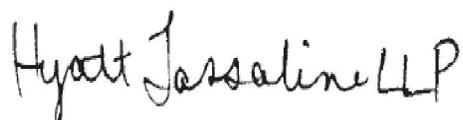
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and other fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these donations and other fundraising events was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets balances.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Pulmonary Hypertension Association of Canada as at December 31, 2016 and its financial performance and cash flows for the year ended December 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants, Licensed Public Accountants

203 - 2510 Ouellette Avenue
Windsor, Ontario

May 23, 2017

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	2016	2015
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash in bank (note 3)	226,989	98,775
Temporary investments (note 4)	58,524	57,651
GST/HST recoverable	20,017	11,956
Prepaid expenses	2,315	500
	<hr/>	<hr/>
	307,845	168,882
CAPITAL ASSETS (note 5)	<hr/>	<hr/>
	2,994	4,714
	<hr/>	<hr/>
	310,839	173,596
<hr/>		
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 6)	24,185	7,695
Deferred revenue (note 7)	136,075	64,000
	<hr/>	<hr/>
	160,260	71,695
	<hr/>	<hr/>
NET ASSETS		
Net assets - invested in capital assets	2,994	4,714
Net assets - unrestricted	147,585	97,187
	<hr/>	<hr/>
	150,579	101,901
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	310,839	173,596
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APPROVED ON BEHALF OF THE BOARD:


 _____ Director


 _____ Director

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	\$	\$
REVENUES		
Donations, scholarships and sponsorships	326,315	371,923
Membership fees	105,655	88,970
Fundraising	20,203	65,853
Gala		5,907
Investment income	932	79
	<hr/>	<hr/>
	453,105	532,732
EXPENSES		
Accounting fees	5,000	11,572
Amortization	1,720	1,448
Awareness and promotion	17,226	6,342
Conference and conference support	53,866	207,729
Fundraising	9,158	12,482
Gala		3,623
Insurance	3,668	5,314
Non-refundable portion of GST/HST	6,096	10,148
Office supplies	34,670	29,585
Printing and postage	59,779	38,373
Rent	21,735	26,357
Scholarships	20,000	21,225
Telephone	4,624	3,566
Translation services	7,706	2,839
Volunteer recognition	2,062	
Wages and benefits	132,426	153,447
Website	24,691	15,399
	<hr/>	<hr/>
	404,427	549,449
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	48,678	(16,717)
NET ASSETS, BEGINNING OF YEAR	<hr/>	<hr/>
	101,901	118,618
NET ASSETS, END OF YEAR	<hr/>	<hr/>
	150,579	101,901

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenditures	48,678	(16,717)
Non-cash items included in the determination of excess (deficiency) of revenues over expenditures:		
Amortization	1,720	1,448
	<u>50,398</u>	<u>(15,269)</u>
Changes in non-cash working capital		
Decrease (increase) in GST/HST recoverable	(8,061)	(5,359)
Decrease (increase) in prepaid expenses	(1,815)	11,655
Increase (decrease) in accounts payable and accrued liabilities	16,490	(12,856)
Increase (decrease) in deferred revenue	72,075	(36,000)
	<u>78,689</u>	<u>(42,560)</u>
	<u>129,087</u>	<u>(57,829)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital asset acquisitions		(3,526)
Investments redeemed (purchased)	(873)	50,029
	<u>(873)</u>	<u>46,503</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	128,214	(11,326)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	98,775	110,101
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>226,989</u>	<u>98,775</u>
Cash and cash equivalents comprised of:		
Cash in bank	226,989	98,775

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. ORGANIZATION

The Association was incorporated under the Canada Corporations Act on February 19, 1999 as a corporation without share capital and was registered as a public foundation named the Pulmonary Hypertension Society of Canada. In 2008, the name was changed to the Pulmonary Hypertension Association of Canada. While registered, the Association is exempt from income tax and may issue tax deductible receipts to donors.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian Accounting standards for not-for-profit organizations.

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.

Revenue recognition

The Association follows the deferral method of accounting for contributions except for donations which are recorded as the funds are received. Where the use of the contributions has been specified for future periods, such as scholarships, the revenue is deferred.

Membership fees and sponsorships are recognized as revenue proportionately over the fiscal year to which they relate.

Financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at cost are tested for impairment when there are indicators of impairment.

The Association recognizes its transaction costs in the statement of operations in the year incurred for financial instruments measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Donated services

The work of Pulmonary Hypertension Association of Canada depends on the voluntary services of many members. The value of donated services is not recognized in these statements.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Amortization charges are calculated at the following annual rates:

Office furniture and fixtures	30% declining balance
Computer equipment	5 years straight-line
Computer software	3 years straight-line

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

3. CASH IN BANK

Cash in bank includes funds totaling \$10,000 (2015 - \$nil) which are held in trust for scholarships to be paid in the next fiscal year.

4. TEMPORARY INVESTMENTS

The temporary investments represent two Guaranteed Investment Certificates (GIC) bearing interest at prime minus 2.1%, maturing January 2018 and at prime minus 2.1%, maturing August 2017.

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

5. CAPITAL ASSETS

The following is a summary of the capital assets and accumulated amortization.

	Cost	Accumulated	Net	Net
	\$	Amortization	2016	2015
		\$	\$	\$
Office furniture and fixtures	5,578	3,092	2,486	3,551
Computer equipment	3,145	2,637	508	1,137
Computer software	13,657	13,657		26
	22,380	19,386	2,994	4,714

6. SECURED FINANCIAL LIABILITIES

Included in accounts payable is an amount due to Mastercard of \$5,278 (2015 - \$2,325). The balance payable is secured by a \$7,291 GIC included in temporary investments.

7. DEFERRED REVENUES

Deferred revenue represents amounts received during the year for expenditures and fees relating to the next fiscal year as follows:

	2016	2015
	\$	\$
Scholarships and sponsorships	66,075	46,500
Membership fees	70,000	17,500
Deferred revenues	136,075	64,000

8. COMMITMENT

The Association has entered into a three year lease agreement of its premises for \$11,250 per year, expiring April 30, 2019. In addition, the Association will receive a rent abatement of \$2,700 per annum and will be responsible for paying operating costs and property taxes during this period, estimated at \$9,450.