



Grant Thornton

Financial Statements

Pulmonary Hypertension Association of Canada

December 31, 2017

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Independent Auditor's Report

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To the Members of
Pulmonary Hypertension Association of Canada

We have audited the accompanying financial statements of Pulmonary Hypertension Association of Canada, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and changes in net assets for the year then ended, 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 private enterprises, 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.

Auditor's 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 auditor's 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 organization'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 organization'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 qualified audit opinion.

Independent Auditor's Report (continued)

Basis for qualified opinion

Pulmonary Hypertension Association of Canada derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of Pulmonary Hypertension Association of Canada as at December 31, 2017 and the results of its operations for the year then ended in accordance with Canadian accounting standards for private enterprises.

Other matter

The financial statements of Pulmonary Hypertension Association of Canada for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on May 23, 2017.

Windsor, Canada
April 11, 2018



Chartered Professional Accountants
Licensed Public Accountants

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

	2017	2016
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash in bank (note 3)	184,937	226,989
Temporary investments (note 4)	158,919	58,524
GST/HST recoverable	2,680	20,017
Prepaid expenses	3,815	2,315
	<hr/>	<hr/>
	350,351	307,845
TANGIBLE CAPITAL ASSETS (note 5)	<hr/>	<hr/>
	5,633	2,994
	<hr/>	<hr/>
	355,984	310,839
<hr/>		
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 6)	20,988	24,185
Deferred revenue (note 8)	120,970	136,075
	<hr/>	<hr/>
	141,958	160,260
<hr/>		
NET ASSETS		
Net assets - invested in capital assets	5,633	2,994
Net assets - unrestricted	208,393	147,585
	<hr/>	<hr/>
	214,026	150,579
	<hr/>	<hr/>
	355,984	310,839
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PULMONARY HYPERTENSION ASSOCIATION OF CANADA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	\$	\$
REVENUES		
Donations, scholarships and sponsorships	327,531	326,315
Membership fees	103,885	105,655
Fundraising	26,901	20,203
Gift in kind donation	2,000	
Investment income	445	932
	<hr/>	<hr/>
	460,762	453,105
EXPENDITURES		
Accounting fees	6,964	5,000
Amortization	1,560	1,720
Awareness and promotion	4,259	17,226
Conference and conference support	65,744	53,866
Fundraising	10,269	9,158
Insurance	3,659	3,668
Non-refundable portion of GST/HST	16,739	6,096
Office supplies	16,157	34,670
Printing and postage	29,058	59,779
Rent	18,918	21,735
Scholarships	30,808	20,000
Telephone	4,934	4,624
Translation services	6,320	7,706
Volunteer recognition	1,982	2,062
Wages and benefits	162,701	132,426
Website	17,243	24,691
	<hr/>	<hr/>
	397,315	404,427
EXCESS OF REVENUES OVER EXPENDITURES	63,447	48,678
NET ASSETS, BEGINNING OF YEAR	150,579	101,901
NET ASSETS, END OF YEAR	<hr/> 214,026	<hr/> 150,579

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	\$	\$
OPERATING ACTIVITIES:		
Excess of revenues over expenditures	63,447	48,678
Non-cash items included in the determination of excess (deficiency) of revenues over expenditures:		
Amortization of tangible capital assets	1,560	1,720
	<u>65,007</u>	<u>50,398</u>
Changes in non-cash working capital		
Decrease (increase) in GST/HST recoverable	17,337	(8,061)
Decrease (increase) in prepaid expenses	(1,500)	(1,815)
Increase (decrease) in accounts payable and accrued liabilities	(3,197)	16,490
Increase (decrease) in deferred revenue	(15,105)	72,075
	<u>(2,465)</u>	<u>78,689</u>
	<u>62,542</u>	<u>129,087</u>
INVESTING ACTIVITIES:		
Tangible capital asset acquisitions	(4,199)	
Investments redeemed (purchased)	(100,395)	(873)
	<u>(104,594)</u>	<u>(873)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(42,052)	128,214
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	226,989	98,775
CASH AND CASH EQUIVALENTS, END OF YEAR	184,937	226,989
Cash and cash equivalents comprised of:		
Cash in bank	184,937	226,989

PULMONARY HYPERTENSION ASSOCIATION OF CANADA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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 presentation

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.

Gift in kind donations

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

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Association's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Association measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for investments in equity instruments that are quoted in an active market, which are measured at fair value and bond investments which the Association has elected to measure at fair value by designating that fair value measurement shall apply.

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

With respect to financial assets measured at amortized cost, the Association assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Association determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

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. Actual results could differ from these estimates. 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.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible 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 tangible 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

3. CASH IN BANK

Cash in bank includes funds totaling \$Nil (2016 - \$10,000) which are held in trust for scholarships to be paid in the next fiscal year.

4. TEMPORARY INVESTMENTS

The temporary investments represent three Guaranteed Investment Certificates (GIC) bearing interest at rates from prime minus 2.1% to prime minus 2.6% maturing from August 2018 to January 2019.

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

5. TANGIBLE CAPITAL ASSETS

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

	Cost	Accumulated	Net	Net
	\$	Amortization	2017	2016
	\$	\$	\$	\$
Office furniture and fixtures	5,578	3,838	1,740	2,486
Computer equipment	7,344	3,451	3,893	508
Computer software	13,657	13,657		
	26,579	20,946	5,633	2,994

6. SECURED FINANCIAL LIABILITIES

Included in accounts payable is an amount due to Mastercard of \$1,482 (2016 - \$5,278). The balance payable is secured by a \$7,219 GIC included in temporary investments.

7. FINANCIAL INSTRUMENTS

The Association's main financial risk exposure is detailed as follows:

Market risk

The Association's financial instruments expose it to market risk, in particular, interest rate risk, resulting from its investing activities.

Interest rate risk:

The Association is exposed to interest rate risk with respect to financial assets bearing fixed interest. The short-term investments in Guaranteed Income Certificates bear interest at a fixed rate and the Association is therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

8. DEFERRED REVENUE

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

	2017	2016
	\$	\$
Scholarships and sponsorships	85,000	66,075
Membership fees	35,000	70,000
Subscriptions	970	
Deferred revenue	120,970	136,075

9. 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.

PULMONARY HYPERTENSION ASSOCIATION OF CANADA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

9. COMPARATIVE AMOUNTS

Comparative figures were compiled by another public accounting firm and have been reclassified to conform with the current year's presentation.