



Financial Statements

Pulmonary Hypertension Association of
Canada

December 31, 2018

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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, 2018, and the statements 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.

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 organization as at December 31, 2018, 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.

Basis for qualified opinion

In common with many not-for-profit organizations, the organization derives revenue from 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2018, current assets as at December 31, 2018, and net assets as at December 31, 2018.

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 Consolidated 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 opinion.

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.

Independent Auditor's Report

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.
- 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Windsor, Canada
May 31, 2019

Chartered Professional Accountants
Licensed Public Accountants

Pulmonary Hypertension Association of Canada

Statement of Operations and Changes in Net Assets

Year ended December 31

2018

2017

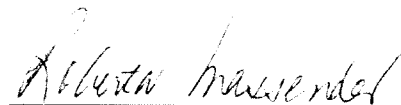
Revenues		
Donations, scholarships, and sponsorships	\$ 443,844	\$ 327,530
Membership fees	103,250	103,885
Fundraising	17,094	26,901
Gift in kind donation	500	2,000
Investment income	<u>2,061</u>	<u>445</u>
	<u>566,749</u>	<u>460,761</u>
Expenditures		
Accounting fees	5,450	6,963
Amortization	1,336	1,560
Awareness and promotion	20,269	4,259
Conference and conference support	91,594	65,744
Fundraising	23,303	10,269
Insurance	3,691	3,659
Non-refundable portion of GST/HST	7,064	16,739
Office supplies	22,863	16,157
Printing and postage	22,727	29,058
Rent	19,108	18,918
Scholarships	11,572	30,808
Telephone	3,929	4,934
Translation services	4,592	6,320
Volunteer recognition	924	1,982
Wages and benefits	213,182	162,701
Website	<u>16,067</u>	<u>17,243</u>
	<u>467,671</u>	<u>397,314</u>
Excess of revenues over expenditures	99,078	63,447
Net assets - unrestricted, beginning of year	<u>214,026</u>	<u>150,579</u>
Net assets - unrestricted, end of year	<u>\$ 313,104</u>	<u>\$ 214,026</u>

Pulmonary Hypertension Association of Canada
Statement of Financial Position

December 31	2018	2017
Assets		
Current		
Cash	\$ 150,726	\$ 184,937
Investments (Note 3)	7,219	158,919
Prepaid expenses	3,287	3,815
GST/HST recoverable	<u>6,475</u>	<u>2,680</u>
	<u>167,707</u>	<u>350,351</u>
Long-term		
Investments (Note 3)	200,788	-
Tangible capital assets (Note 4)	<u>4,297</u>	<u>5,633</u>
	<u>205,085</u>	<u>5,633</u>
	<u>\$ 372,792</u>	<u>\$ 355,984</u>
<hr/>		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 17,123	\$ 20,988
Deferred revenue (Note 6)	<u>42,565</u>	<u>120,970</u>
	59,688	141,958
Net assets (Note 7)	<u>313,104</u>	<u>214,026</u>
	<u>\$ 372,792</u>	<u>\$ 355,984</u>

On behalf of the board

 Director

 Director

Pulmonary Hypertension Association of Canada

Statement of Cash Flows

Year ended December 31	2018	2017
Increase (decrease) in cash		
Operating		
Excess of revenues over expenditures	\$ 99,078	\$ 63,447
Item not affecting cash		
Amortization	<u>1,336</u>	<u>1,560</u>
	100,414	65,007
Change in non-cash working capital items		
Prepaid expenses	528	(1,500)
Harmonized sales tax	(3,795)	17,337
Accounts payable and accrued liabilities	(3,866)	(3,197)
Deferred revenue	<u>(78,405)</u>	<u>(15,105)</u>
	<u>14,876</u>	<u>62,542</u>
Investing		
Investments acquired (net)	(49,087)	(100,395)
Tangible capital asset acquisitions	<u>-</u>	<u>(4,199)</u>
	<u>(49,087)</u>	<u>(104,594)</u>
Decrease in cash	(34,211)	(42,052)
Cash		
Beginning of year	<u>184,937</u>	<u>226,989</u>
End of year	<u>\$ 150,726</u>	<u>\$ 184,937</u>

Pulmonary Hypertension Association of Canada

Notes to the Financial Statements

December 31, 2018

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.

Pulmonary Hypertension Association of Canada

Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies (continued)

Financial instruments

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.

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

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. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Donated services

The work of Pulmonary Hypertension Association of Canada depends on the voluntary services of many members. Donated services are not recorded because the fair market value is not readily determinable.

Pulmonary Hypertension Association of Canada

Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies (continued)

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:

Furniture and fixtures	30% Declining balance
Computer equipment	5 years Straight-line
Computer software	5 years Straight-line

3. Investments

Investments represent three Guaranteed Investment Certificates (GIC) bearing interest at rates from prime minus 2.2% to prime minus 2.7% maturing from January 2019 to July 2020.

4. Tangible capital assets

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 5,578	\$ 4,360	\$ 1,218	\$ 1,740
Computer equipment	7,344	4,265	3,079	3,893
Computer software	<u>13,657</u>	<u>13,657</u>	<u>-</u>	<u>-</u>
	<u>\$ 26,579</u>	<u>\$ 22,282</u>	<u>\$ 4,297</u>	<u>\$ 5,633</u>

5. Secured financial liabilities

Included in accounts payable is a Mastercard credit balance (debit balance) of (\$266) (2017 - \$1,482). The balance payable is secured by a \$7,219 GIC included in temporary investments.

6. Deferred revenue

	<u>2018</u>	<u>2017</u>
Scholarships and sponsorships	\$ 42,565	\$ 85,000
Membership fees	-	35,000
Subscriptions	<u>-</u>	<u>970</u>
	<u>\$ 42,565</u>	<u>\$ 120,970</u>

Pulmonary Hypertension Association of Canada

Notes to the Financial Statements

December 31, 2018

7. Net assets

The following is a breakdown of net assets:

	<u>2018</u>	<u>2017</u>
Net assets - unrestricted	\$ 308,807	\$ 208,393
Net assets - invested in capital assets	<u>4,297</u>	<u>5,633</u>
	<u>\$ 313,104</u>	<u>\$ 214,026</u>

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. During the year the Association extended this lease agreement for two additional years with minimum rent of \$13,689 per year, expiring April 30, 2021.
