

THE LUNG ASSOCIATION, MANITOBA INC.

Financial Statements

Year Ended March 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of The Lung Association, Manitoba Inc.

Opinion

We have audited the financial statements of The Lung Association, Manitoba Inc. (the Association), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in fund balances, the statement of cash flows, and the schedule to the financial statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 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 ASNPO, 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:

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Independent Auditor's Report to the Chair and Members of The Lung Association, Manitoba Inc.
(continued)

- 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.



Chartered Professional Accountants
1515 One Lombard Place
Winnipeg MB R3B 0X3
June 21, 2024

THE LUNG ASSOCIATION, MANITOBA INC.

Statement of Financial Position

March 31, 2024

	2024			2023
	General Fund	Research Fund	Total	Total
ASSETS				
CURRENT				
Cash	\$ 368,653	\$ 13,412	\$ 382,065	\$ 586,435
Short-term guaranteed investment certificates (Note 3)	830,000	-	830,000	650,000
Accounts receivable (Note 4)	25,171	-	25,171	16,327
Prepaid expenses and supplies	24,830	-	24,830	10,671
	1,248,654	13,412	1,262,066	1,263,433
GUARANTEED INVESTMENT CERTIFICATES (Note 3)	-	-	-	150,000
INVESTMENTS (Note 5)	-	755,769	755,769	699,035
EQUIPMENT (Note 6)	15,815	-	15,815	10,168
	\$ 1,264,469	\$ 769,181	\$ 2,033,650	\$ 2,122,636
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued charges (Note 7)	\$ 23,554	\$ -	\$ 23,554	\$ 36,067
Current portion of Canada Emergency Business Account loan (Note 8)	-	-	-	40,000
Deferred revenue	42,982	-	42,982	72,148
Deferred capital grant (Note 9)	847	-	847	1,824
Inter-fund balance (Note 10)	(41,101)	41,101	-	-
	26,282	41,101	67,383	150,039
NET ASSETS				
Unrestricted	1,238,187	-	1,238,187	1,272,679
Donor designated (Note 11)	-	728,080	728,080	699,918
	1,238,187	728,080	1,966,267	1,972,597
	\$ 1,264,469	\$ 769,181	\$ 2,033,650	\$ 2,122,636

APPROVED BY THE BOARD:

Wendy Martha White Director

 Director

THE LUNG ASSOCIATION, MANITOBA INC.

Statement of Operations

Year Ended March 31, 2024

	2024			2023
	General Fund	Research Fund	Total	Total
REVENUES				
Fundraising				
Christmas Seals	\$ 203,180	\$ -	\$ 203,180	\$ 156,404
Other direct appeals	-	7,346	7,346	55,802
Corporate, employee and other	94,694	500	95,194	82,781
Memorial donations	19,909	-	19,909	21,264
	317,783	7,846	325,629	316,251
Health initiatives and other recoveries	233,059	1,465	234,524	216,400
Investment income	41,248	31,042	72,290	43,498
	592,090	40,353	632,443	576,149
EXPENDITURES (Schedule)	723,857	43,926	767,783	647,301
(DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR BEFORE BEQUESTS AND OTHER ITEMS	(131,767)	(3,573)	(135,340)	(71,152)
BEQUESTS	97,275	-	97,275	152,546
REALIZED GAIN ON SALE OF INVESTMENTS	-	7,850	7,850	4,625
UNREALIZED GAIN (LOSS) IN FAIR VALUE OF INVESTMENTS	-	23,885	23,885	(59,865)
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ (34,492)	\$ 28,162	\$ (6,330)	\$ 26,154

THE LUNG ASSOCIATION, MANITOBA INC.

Statement of Changes in Fund Balances

Year Ended March 31, 2024

	2024			2023
	General Fund	Research Fund	Total	Total
BALANCE - BEGINNING OF THE YEAR	\$ 1,272,679	\$ 699,918	\$ 1,972,597	\$ 1,946,443
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	(34,492)	28,162	(6,330)	26,154
BALANCE - END OF THE YEAR	\$ 1,238,187	\$ 728,080	\$ 1,966,267	\$ 1,972,597

THE LUNG ASSOCIATION, MANITOBA INC.

Statement of Cash Flows

Year Ended March 31, 2024

	2024			2023
	General Fund	Research Fund	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
(Deficiency) excess of revenues over expenditures for the year	\$ (34,492)	\$ 28,162	\$ (6,330)	\$ 26,154
Items not affecting cash and cash equivalent				
Amortization	3,273	-	3,273	2,935
Realized loss on disposal of equipment	-	-	-	2,164
Realized (gain) on sale of investments	-	(7,850)	(7,850)	(4,625)
Unrealized (gain) loss in fair value of investments	-	(23,885)	(23,885)	59,865
	(31,219)	(3,573)	(34,792)	86,493
Changes in non-cash working capital items				
(Increase) decrease in accounts receivable	(8,844)	-	(8,844)	10,673
(Increase) in prepaid expenses and supplies	(14,159)	-	(14,159)	(614)
(Increase) decrease in accounts payable	(12,513)	-	(12,513)	20,519
(Decrease) in deferred revenue	(30,142)	-	(30,142)	(1,517)
Cash (used) provided by operating activities	(96,877)	(3,573)	(100,450)	115,554
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	(8,922)	-	(8,922)	(5,577)
Purchase of guaranteed investment certificates	(30,000)	-	(30,000)	(100,000)
Purchase of investments	-	(59,802)	(59,802)	(80,689)
Redemption of investments	-	34,804	34,804	46,099
Cash (used) by investing activities	(38,922)	(24,998)	(63,920)	(140,167)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Canada Emergency Business Account Loan	(40,000)	-	(40,000)	-
(DECREASE) IN CASH DURING THE YEAR	(175,799)	(28,571)	(204,370)	(24,613)
CASH - BEGINNING OF THE YEAR	544,452	41,983	586,435	611,048
CASH - END OF THE YEAR	\$ 368,653	\$ 13,412	\$ 382,065	\$ 586,435

THE LUNG ASSOCIATION, MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2024

1. OPERATIONS

The Lung Association, Manitoba Inc. (the "Association") is a registered charity and as such is exempt from income tax.

The Association promotes lung health and other initiatives through various health programs and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Fund accounting

The Lung Association, Manitoba Inc. follows the restricted method of accounting for its activities. The funds are as follows:

The Operating Fund accounts for the ongoing operating activities of the Association.

The Reserve Fund reports the revenues and expenses related to research activities. A significant portion of the expenses relate to grants and fellowships. Restricted funds have been restricted by donors and are to be used for research and education in the prevention and management of various lung diseases.

Equipment

Equipment is stated at cost less accumulated amortization. Amortization is provided using the following methods and rates:

Furniture and fixtures	10 years	straight-line method
Lung function equipment	5 years	straight-line method
Computer equipment	5 years	straight-line method

Revenue recognition

The Association follows the deferral method of accounting for revenue which includes donations and government grants. Unrestricted donations and grants are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Bequests are recognized as revenue when received. Externally restricted contributions are deferred and recognized as revenue in the period in which the related expenses are incurred, or the restrictions are met. Interest, fundraising and investment income are recorded as revenue when earned.

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THE LUNG ASSOCIATION, MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Allocation of expenses

The Association provides several programs as part of their initiative to improve respiratory health. The costs of each program include amounts directly related to providing the program. The Association also incurs general support expenses that are common to the administration of the Association and each of its programs.

The Association allocates an allowance for general support expenses to individual projects proportionately based on sponsorship revenues expected to be received in this program.

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and liabilities at amortized cost, except for investments in shares of publicly traded companies 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 subsequently measured at amortized cost include cash, guaranteed investment certificates and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued charges and Canada Emergency Business Account Loan.

Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant areas requiring the use of management estimates relate to estimated useful life of the equipment, amounts recorded as financial instruments. Management believes its estimates to be appropriate; however, actual results could differ from these estimates.

3. GUARANTEED INVESTMENT CERTIFICATES

	2024	2023
CIBC		
4.65% due on November 16, 2023	\$ -	\$ 500,000
4.50% due on March 13, 2024	-	150,000
4.50% due on November 16, 2024	523,250	-
4.15% due on March 13, 2025	156,750	-
4.00% due on March 13, 2025	150,000	150,000
	830,000	800,000
Maturing within one year	(830,000)	(650,000)
	\$ -	\$ 150,000

THE LUNG ASSOCIATION, MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2024

4. ACCOUNTS RECEIVABLE

	2024	2023
Government of Canada		
Goods and Services Tax Rebate	\$ 7,378	\$ 3,305
Other	17,793	13,022
	\$ 25,171	\$ 16,327

5. INVESTMENTS

	2024	2023
Investment in fixed income securities of publicly-traded companies (recorded at fair value)	\$ 223,594	\$ 197,019
Investment in shares of publicly traded companies (recorded at fair value)	532,175	502,016
	\$ 755,769	\$ 699,035
Total investments (at cost)	\$ 651,700	\$ 607,872

6. EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer equipment	\$ 19,208	\$ 7,445	\$ 11,763	\$ 5,054
Lung function equipment	2,773	2,773	-	324
Furniture and fixtures	7,369	3,316	4,053	4,790
	\$ 29,350	\$ 13,534	\$ 15,816	\$ 10,168

Amortization of equipment included in the schedule of expenditures amounts to \$3,273 (2023 - \$2,935).

7. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2024	2023
Salaries, wages, and benefits	\$ 2,587	\$ 2,795
Suppliers	20,968	33,272
	\$ 23,555	\$ 36,067

THE LUNG ASSOCIATION, MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2024

8. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

	2024	2023
Government of Canada loan issued by CIBC, with an unpaid principal of \$60,000	\$ -	\$ 40,000

The Canada Emergency Business Account (CEBA) was an interest free loan issued by the Government of Canada through CIBC to assist with operating costs of the Association as a result of a reduction in revenue due to the Covid-19 global pandemic. An amount up to \$20,000 which is 25% of the first \$40,000 loan and 50% of the additional \$20,000 loan will be forgiven, if the Association repays the \$40,000 on or before December 31, 2023. If the full amount of \$40,000 of the loan is not repaid by December 31, 2023, the loan will be extended into a two-year loan bearing interest at 5%. The Association has repaid the \$40,000 as at December 31, 2023. In 2021, the Association recognized \$20,000 as revenue in health initiatives and other recoveries. The loan was repaid on December 28, 2023.

9. DEFERRED CAPITAL GRANT

	2024	2023
Balance - beginning of the year	\$ 1,824	\$ 2,467
Amortization of capital grant	(977)	(643)
Balance – end of the year	\$ 847	\$ 1,824

10. INTER-FUND BALANCES

Amounts owing between the General and Research Funds are non-interest bearing and have no fixed terms of repayment.

11. RESEARCH FUND

During the year, the Research Fund received \$Nil (2023 – \$16,694) of bequests and major gifts which are being internally restricted.

12. PENSION PLAN

The Association is a participating employer in the Healthcare Employees Pension Plan – Manitoba, a multi-employer defined benefit pension plan. The Association has insufficient information to be able to account for the plan as a defined benefit pension plan. The most recent actuarial valuation prepared as at December 31, 2022 by AON Hewitt, the Plan's actuary, reported a surplus of the actuarial value of net assets over the actuarial present value of accrued pension benefits in the amount of \$1,320,335,000, as well as a solvency deficiency of \$53,775,000.

13. RESIDUARY INTERESTS

The Association has a residuary interest in various estates or trusts which continue to be administered by executors and trustees, and for which no values have been recorded in these financial statements.

THE LUNG ASSOCIATION, MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2024

14. COMMITMENT

The Association has entered into an agreement to receive services such as financial accounting and reporting, payroll and budget preparations, donation processing and receipting, staff supervision and Information Technology management. The required payment is as follows:

2023/2024	\$36,000
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The Association has entered into a two year agreement with Canadian Lung Association to support the National Research Program. The Association has committed to an annual contribution of \$20,000.

The Association has entered into a five year agreement for intellectual property license with Canadian Lung Association for the licence of use of the trademark. The licensing fee is \$25,000 per year.

The Association has entered into a one year agreement, totaling \$16,000, to create a new marketing strategy and communication plan for the 2024/25 year.

The Association has entered into an agreement to receive website design services. The total contract is for \$23,300.

The Association signed a contract for an internet service. The payments are as follows:

2023/2024	\$ 1,050
2024/2025	\$ 525

15. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2024. There has been no significant change in the risks from prior year.

It is management's opinion that the Association is not exposed to significant interest or currency risk arising from these financial instruments.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk with respect to the accounts receivable and grants receivable. The grants were received soon after year-end. In order to reduce its credit risk, the Association assesses, on a continuous basis, accounts receivable based on amounts it is virtually certain to receive. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. In the current year, there is \$Nil in allowance for doubtful accounts (2023 - \$Nil).

Market risk

Market risk is the risk of loss that may arise from changes in market conditions, such as equity prices. These risks are outside control of the Association. The Association is exposed to market risk with respect to the investment in publicly traded securities in the equity market. The risk is that the shares' fair value will fluctuate because of changes in market prices.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

THE LUNG ASSOCIATION, MANITOBA INC.
Notes to Financial Statements
Year Ended March 31, 2024

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

THE LUNG ASSOCIATION, MANITOBA INC.

Schedule of Expenditures

Year Ended March 31, 2024

	2024	2023
GENERAL FUND		
Fundraising	\$ 141,830	\$ 63,756
Health initiatives	345,702	289,098
National programs	25,000	27,131
Administrative support	211,325	166,745
	723,857	546,730
RESEARCH FUND		
Canadian Lung Association Research	20,000	19,460
General research	-	53,272
Studentship grant	19,250	24,000
Investment fee	4,676	3,839
	43,926	100,571
	\$ 767,783	\$ 647,301