

# Canadian Lung Association



## Financial Statements

For the year ended March 31, 2020

**Canadian Lung Association**  
**Financial Statements**  
For the year ended March 31, 2020

**Contents**

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## Independent Auditor's Report

### To the members of the Canadian Lung Association

#### Qualified Opinion

We have audited the financial statements of Canadian Lung Association (the "association") which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in fund balances 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 effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the association as at March 31, 2020, 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 association's Breathing as One Campaign derives revenue from fundraising and donations, 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. The auditor's opinion on the financial statements for the year ended March 31, 2019 was also qualified because of the possible effects of this limitation. Therefore, we were not able to determine whether any adjustments might be necessary to these revenues for the years ended March 31, 2020 and March 31, 2019, excess of revenues over expenses for the years ended March 31, 2020 and March 31, 2019, and net assets at both the beginning and end of the March 31, 2020 and March 31, 2019 years.

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 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 qualified 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 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.

*Baker Tilly Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
September 17, 2020  
Ottawa, Ontario

## Canadian Lung Association Statement of Financial Position

**March 31** **2020**      **2019**

	General Fund	Research Fund	Breathing As One Campaign	Total	Total
<b>Assets</b>					
<b>Current</b>					
Cash (Note 1)	\$ 515,754	\$ 485,215	\$ 165,843	\$ 1,166,812	\$ 834,824
Interfund transfers	1,135,210	859,218	(1,994,428)	-	-
Accounts receivable (Note 3)	125,433	85,378	-	210,811	255,916
Government remittances receivable	18,452	2,251	-	20,703	33,212
Prepaid expenses	7,662	-	-	7,662	9,213
	<b>1,802,511</b>	<b>1,432,062</b>	<b>(1,828,585)</b>	<b>1,405,988</b>	<b>1,133,165</b>
<b>Investments</b> (Note 2)	<b>495,237</b>	<b>683,898</b>	<b>-</b>	<b>1,179,135</b>	<b>1,211,938</b>
<b>Long-term receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,750</b>
<b>Tangible capital assets</b> (Note 4)	<b>3,155</b>	<b>-</b>	<b>-</b>	<b>3,155</b>	<b>7,687</b>
	<b>\$ 2,300,903</b>	<b>\$ 2,115,960</b>	<b>\$ (1,828,585)</b>	<b>\$ 2,588,278</b>	<b>\$ 2,363,540</b>

### Liabilities and Fund Balances

<b>Current</b>					
Accounts payable and accrued liabilities	\$ 71,985	\$ 1,368	\$ -	\$ 73,353	\$ 215,728
Deferred revenue (Note 5)	40,228	56,102	683,264	779,594	734,764
	<b>112,213</b>	<b>57,470</b>	<b>683,264</b>	<b>852,947</b>	<b>950,492</b>
<b>Fund Balances</b>					
Unrestricted	2,188,690	2,058,490	(2,511,849)	1,735,331	1,379,685
Internally restricted - Respiratory conference	-	-	-	-	33,363
	<b>2,188,690</b>	<b>2,058,490</b>	<b>(2,511,849)</b>	<b>1,735,331</b>	<b>1,413,048</b>
	<b>\$ 2,300,903</b>	<b>\$ 2,115,960</b>	<b>\$ (1,828,585)</b>	<b>\$ 2,588,278</b>	<b>\$ 2,363,540</b>

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

## Canadian Lung Association Statement of Operations

**For the year ended March 31**

**2020**

**2019**

	General Fund	Research Fund	Breathing As One Campaign	Total	Total
<b>Revenue</b>					
Provincial assessments	\$ 760,836	\$ 482,040	\$ -	\$ 1,242,876	\$ 1,285,734
Program and project contracts (recoveries)	(10,750)	-	-	(10,750)	51,987
Sponsorship	7,739	25,000	28,168	60,907	134,353
Donations, bequests and memorials	136,277	72	-	136,349	182,559
Endorsements	20,000	-	-	20,000	20,000
Campaign donations	-	-	86,945	86,945	80,011
Interest and investment income	28,684	25,694	1,446	55,824	35,315
	<b>942,786</b>	<b>532,806</b>	<b>116,559</b>	<b>1,592,151</b>	<b>1,789,959</b>
<b>Expenses (Schedule)</b>					
Admin allocation	(53,440)	53,440	-	-	-
Advertising and promotion	4,449	-	-	4,449	22,062
Consultants	97,904	29,084	28,168	155,156	37,256
Meetings and travel	35,635	18,487	-	54,122	62,644
Other operating expenses	107,829	13,104	1,240	122,173	158,493
Office rentals and leases	61,623	-	-	61,623	55,266
Professional fees	100,792	-	-	100,792	99,200
Research grants and awards (Note 8)	-	131,670	59,960	191,630	299,412
Salary	459,054	67,512	-	526,566	592,266
	<b>813,846</b>	<b>313,297</b>	<b>89,368</b>	<b>1,216,511</b>	<b>1,326,599</b>
<b>Excess of revenue over expenses before unrealized items</b>	<b>128,940</b>	<b>219,509</b>	<b>27,191</b>	<b>375,640</b>	<b>463,360</b>
<b>Unrealized gain (loss) on investments</b>	<b>(22,410)</b>	<b>(30,947)</b>	<b>-</b>	<b>(53,357)</b>	<b>42,313</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 106,530</b>	<b>\$ 188,562</b>	<b>\$ 27,191</b>	<b>\$ 322,283</b>	<b>\$ 505,673</b>

## Canadian Lung Association Statement of Changes in Fund Balances

**For the year ended March 31**

**2020**

**2019**

	<u>General Fund</u>		<u>Research Fund</u>	<u>Breathing As One Campaign</u>		
	<u>Unrestricted</u>	<u>Internally Restricted Respiratory Conference</u>	<u>Unrestricted</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
<b>Balance, beginning of year</b>	\$ 2,048,797	\$ 33,363	\$ 1,869,928	\$ (2,539,040)	\$ 1,413,048	\$ 907,375
<b>Excess of revenue over expenses</b>	106,530	-	188,562	27,191	322,283	505,673
<b>Interfund transfers (Note 6)</b>	33,363	(33,363)	-	-	-	-
<b>Balance, end of year</b>	<b>\$ 2,188,690</b>	<b>\$ -</b>	<b>\$ 2,058,490</b>	<b>\$ (2,511,849)</b>	<b>\$ 1,735,331</b>	<b>\$ 1,413,048</b>

## Canadian Lung Association Statement of Cash Flows

For the year ended March 31	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 322,283	\$ 505,673
Adjustments for		
Amortization of tangible capital assets	4,531	7,056
Loss on sale of investments	6,501	6,175
Unrealized loss (gain) on investments	53,357	(42,313)
	386,672	476,591
Changes in non-cash working capital items		
Accounts receivable	45,105	(146,495)
Government remittances receivable	12,509	20,649
Prepaid expenses	1,551	893
Accounts payable and accrued liabilities	(142,375)	19,763
Deferred revenue	44,830	(7,650)
	348,292	363,751
<b>Cash flows from investing activities</b>		
Net change in investments	133,886	198,128
Long-term receivables	10,750	10,750
Purchase of tangible capital assets	-	(5,783)
	144,636	203,095
<b>Increase in cash during the year</b>	<b>492,928</b>	<b>566,846</b>
<b>Cash and short-term investments, beginning of year</b>	<b>1,241,050</b>	<b>674,204</b>
<b>Cash and short-term investments, end of year</b>	<b>\$ 1,733,978</b>	<b>\$ 1,241,050</b>
<b>Represented by:</b>		
Cash (Note 1)	\$ 1,166,812	\$ 834,824
Cash and short term component of investments (Note 2)	567,166	406,226
	<b>\$ 1,733,978</b>	<b>\$ 1,241,050</b>

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## Canadian Lung Association Summary of Significant Accounting Policies

March 31, 2020

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### **Nature and Purpose of Organization**

The association is a registered charity incorporated in Canada as a not-for-profit organization and was continued under the Canada Not-for-profit Corporations Act on December 12, 2013. The association's mission is to improve respiratory health. The association is exempt from income taxes.

### **Basis of Presentation**

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles. The association has established funds in accordance with the principles of fund accounting:

#### **General Fund**

The General fund accounts for the ongoing operating activities of the association.

#### **Research Fund**

Revenues and expenses related to research activities are reported in the Research Fund. A significant portion of the expenses relate to grants and fellowships.

#### **Breathing as One Campaign Fund**

Operations for *Breathing As One*, The Lung Association's national fundraising campaign for research, began in 2013-14. The campaign was implemented across the country by the provincial Lung Associations. Core operating costs for the campaign are borne at a national level by the association and reported in the Breathing as One Campaign Fund. Revenues earned through the campaign are reported at a national level in the Breathing as One Campaign Fund.

### **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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Significant estimates include assumptions used in estimating the measurement and collectibility of accounts receivable, in estimating the initial fair value of financial instruments, in establishing the useful lives and related amortization of tangible capital assets, and in estimating provisions for accrued liabilities.

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## Canadian Lung Association Summary of Significant Accounting Policies

March 31, 2020

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### Use of Estimates (continued)

#### Uncertainty due to COVID-19

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, the association or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which COVID-19 may materially and adversely affect the association's operations, financial results and condition in future periods are also subject to significant uncertainty.

### Foreign Currency Translation

At the transaction date, each asset, liability, revenue and expense in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included as a credit or charge to operations in the current period.

### Financial Instruments

Financial instruments are financial assets or liabilities of the association where, in general, the association has the right to receive cash or another financial asset from another party or the association has the obligation to pay another party cash or other financial assets.

#### Measurement of financial instruments

The association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The association subsequently measures all its financial assets and financial 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 operations.

Financial assets and liabilities measured at amortized cost include cash and short-term investments, accounts receivable and accounts payable and accrued liabilities. Bonds, and equity holdings are carried at fair value based on quoted market prices.

#### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

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## Canadian Lung Association

### Summary of Significant Accounting Policies

March 31, 2020

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<b>Financial Instruments (continued)</b>	<p><i>Transaction costs</i></p> <p>The association recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.</p>
<b>Financial Risk Management</b>	<p>The association manages its investment portfolio to earn investment income and invests only in low risk investments. The association is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.</p>
<b>Revenue Recognition</b>	<p>The association follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>The association receives conditional contributions from certain organizations for projects. Terms of the projects and contribution agreements specify that the unexpended amounts remaining at completion of the projects must be returned. Amounts contributed and received are deferred until they are expended in accordance with the terms of the contribution agreements. Project contributions are recognized as revenue as the related expenses are incurred, and unexpended amounts at year end are reflected in current liabilities as deferred revenue.</p>
<b>Cash and Cash Equivalents</b>	<p>Cash and cash equivalents are defined as cash and highly liquid investments, consisting primarily of term deposits, with terms to maturity of less than a year as at year end.</p>
<b>Investments</b>	<p>Investments are recorded at market value, determined directly by reference to published price quotations in an active market. Interest on investments is accrued as earned. Dividends are recorded when received. Gains and losses on the sale of investments are recognized in the year of disposal. Fair value changes of investments are recorded as unrealized gains or losses and recognized in the statement of operations.</p>
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are stated at cost. Amortization is provided using the straight-line method over three years.</p>
<b>Impairment of Long-Lived Assets</b>	<p>Tangible capital assets with finite lives are long-lived assets. They 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 expected undiscounted cash flows resulting from the operations of the association and the respective asset's use and eventual disposition. The impairment loss is charged to operations and is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.</p>

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## Canadian Lung Association Summary of Significant Accounting Policies

**March 31, 2020**

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**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 the proportion of staff working on each project.

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## Canadian Lung Association Notes to Financial Statements

**March 31, 2020**

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**1. Cash**

The association's bank accounts are held at one chartered bank and earn interest between 0% and prime less 2.75%.

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**2. Investments**

The carrying values of the investments are as follows:

	2020			2019
	General Fund	Research Fund	Total	Total
Cash and short-term	\$ 238,210	\$ 328,956	\$ 567,166	\$ 406,226
Common equities	175,406	242,227	417,633	431,558
Fixed income	81,621	112,715	194,336	374,154
	\$ 495,237	\$ 683,898	\$ 1,179,135	\$ 1,211,938

The investments in fixed income securities are with the Government of Canada and its Provinces and senior Canadian financial institutions and companies. Interest rates on the bonds range from 1.58% to 4.43% per annum and mature between April 2021 and February 2024.

Investments in common equities include amounts denominated in U.S. dollars of \$93,282 (2019 - \$103,401).

Interest earned on investments was \$13,791 (2019 - \$14,403). A capital loss of \$6,501 was recognized in the current year on the sale of investments (2019 - \$6,175).

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**3. Accounts Receivable**

Accounts receivable are net of an allowance for doubtful accounts of \$157,990 (2019 - \$132,600).

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## Canadian Lung Association Notes to Financial Statements

**March 31, 2020**

### 4. Tangible Capital Assets

	2020			2019		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture, fixtures and office equipment	\$ 23,276	\$ 22,751	\$ 525	\$ 23,276	\$ 21,612	\$ 1,664
Computer equipment	15,876	13,549	2,327	15,876	10,676	5,200
Leasehold improvements	1,559	1,256	303	1,559	736	823
	<b>\$ 40,711</b>	<b>\$ 37,556</b>	<b>\$ 3,155</b>	<b>\$ 40,711</b>	<b>\$ 33,024</b>	<b>\$ 7,687</b>

During the year, the association incurred amortization expense of \$4,531 (2019 - \$7,435) which was charged to the departments for which the related tangible capital assets were purchased.

### 5. Deferred Revenue

	Balance at Beginning of Year	Contributions	Expenses Incurred and Revenue Recognized	Balance at End of Year
<b>General Fund</b>				
Corporate Funds Development	\$ 6,107	\$ -	\$ -	\$ 6,107
Consumer Health Information	24,622	-	-	24,622
Government Relations	9,499	-	-	9,499
	40,228	-	-	40,228
<b>Research Fund</b>				
Research Grants	6,102	50,000	-	56,102
<b>Breathing as One Campaign</b>				
Future Research Competition	583,486	20,958	-	604,444
Patient Engagement	29,438	-	28,168	1,270
Grants	75,510	82,000	79,960	77,550
	688,434	102,958	108,128	683,264
	<b>\$ 734,764</b>	<b>\$ 152,958</b>	<b>\$ 108,128</b>	<b>\$ 779,594</b>

## Canadian Lung Association Notes to Financial Statements

**March 31, 2020**

### 6. Interfund Transfers

During the year, the Board of Directors approved the dissolution of the general internally restricted respiratory conference fund and the transfer of \$33,363 to the general unrestricted fund.

### 7. Commitments

The association is committed to monthly premises lease payments of \$4,599 ending December 31, 2022 and an equipment lease of \$897 per quarter ending June 30, 2020.

Minimum payments over the next two years to meet the above commitments is as follows:

2021	\$	56,080
2022		<u>41,387</u>
	\$	<u>97,467</u>

### 8. Studentships, Fellowships, Research Grants and Honorariums

Included in the departmental expenses of the research fund are studentships, fellowships, grants and honorariums as summarized by research centre:

	2020	2019
Université de Laval	\$ -	\$ 9,978
University of British Columbia	-	31,000
McMaster University	-	10,000
St. Michael's Hospital	22,500	22,500
University of Toronto	-	55,000
University of Alberta	14,000	31,500
University of Manitoba	66,000	66,000
Concordia University	-	20,000
West Park Healthcare Centre	-	19,324
University Health Network	10,000	-
Ottawa Hospital Research Institute	6,000	-
Children's Hospital of Eastern Ontario	27,000	-
Ontario Tech University	5,000	-
<b>Refunds of previously paid research projects</b>		
University of Newfoundland	(8,148)	-
University of Ottawa	(10,682)	-
	<b>\$ 131,670</b>	<b>\$ 265,302</b>

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## Canadian Lung Association Notes to Financial Statements

**March 31, 2020**

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**8. Studentships, Fellowships, Research Grants and Honorariums (continued)**

Included in the departmental expenses of the Breathing as One campaign funds are studentships, fellowships, grants and honorariums as summarized by research centre:

	<u>2020</u>	<u>2019</u>
University of British Columbia	\$ -	\$ 10,850
University Health Network	15,000	5,000
Queen's University	14,960	4,960
St. Michael's Hospital	15,000	5,000
University of Alberta	-	8,300
McGill University	15,000	-
	<u>\$ 59,960</u>	<u>\$ 34,110</u>

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**9. Pension Plan**

Employees of the association participate in a defined contribution registered pension plan. All eligible employees are required to be members of the plan. The association contributes at a rate of 6% of all eligible employees earnings though the employees may continue to contribute to the plan on a voluntary basis. Voluntary contributions are permitted to the extent that total contributions to a member's plan do not exceed the limits specified under the Income Tax Act of Canada. Pension expense for the year was \$24,015 (2019 - \$26,887) and is included in salary expense.

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**10. Risks and Concentration**

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposure and concentrations as at March 31, 2020.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The association's main credit risks relate to its accounts receivable. The association mitigates its exposure to credit loss by placing its cash with major financial institutions. The association also routinely assesses the financial strength of its contributors and establishes an allowance for doubtful accounts based on credit risk applicable to particular contributors, historical and other information.

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## Canadian Lung Association Notes to Financial Statements

March 31, 2020

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### 10. Risks and Concentration (continued)

#### Liquidity risk

Liquidity risk relates to the risk that the association will encounter difficulty in meeting its obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its accounts payable and accrual liabilities and deferred revenue. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The association is exposed to currency risk, interest rate risk and other price risk.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The association is exposed to currency exchange risk by virtue of the fact that it transacts in currencies other than the Canadian dollar. This exposure is limited to the extent that these currencies fluctuate between the dates that transactions are made and settlement occurs.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The association's fixed income investments are exposed to interest rate risk. The association's investment managers take steps in the active management of the bond portfolio to mitigate this risk.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The association is exposed to other price risk with respect to equities held.

#### Changes in risk

There have been no significant changes in the association's risk exposures from the 2019 fiscal year.

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**Canadian Lung Association**  
**Schedule 1 - Summary by Line of Business**

**For the year ended March 31, 2020**

	General Admin	Consumer Health Information	Commun- ications and Advocacy	National Coordination	Research	Breathing As One Campaign	Total
<b>Expenses</b>							
Admin allocation	\$ (238,052)	\$ 9,717	\$ 102,022	\$ 72,873	\$ 53,440	\$ -	\$ -
Advertising and promotion	-	-	4,449	-	-	-	4,449
Consultants	-	4,725	33,607	59,572	29,084	28,168	155,156
Meetings and travel	-	572	2,718	32,345	18,487	-	54,122
Other operating expenses	76,808	2,497	24,723	3,801	13,104	1,240	122,173
Office rental and leases	61,623	-	-	-	-	-	61,623
Professional fees	16,134	-	-	84,658	-	-	100,792
Research grants and awards	-	-	-	-	131,670	59,960	191,630
Salary	136,159	9,524	144,240	169,131	67,512	-	526,566
<b>Total Expense</b>	<b>\$ 52,672</b>	<b>\$ 27,035</b>	<b>\$ 311,759</b>	<b>\$ 422,380</b>	<b>\$ 313,297</b>	<b>\$ 89,368</b>	<b>\$ 1,216,511</b>

**Canadian Lung Association**  
**Schedule 1 - Summary by Line of Business**  
(continued)

For the year ended March 31, 2019

	General Admin	Consumer Health Information	Communi- cations and Advocacy	National Coordination	Research	Breathing As One Campaign	Total
Expenses							
Admin allocation	\$ (227,934)	\$ 9,303	\$ 97,686	\$ 69,776	\$ 51,169	\$ -	\$ -
Advertising and promotion	-	-	22,062	-	-	-	22,062
Consultants	-	1,004	9,264	14,734	8,319	3,935	37,256
Meetings and travel	4,342	2,622	6,228	9,055	40,379	18	62,644
Other operating expenses	84,077	399	32,082	7,548	10,167	24,220	158,493
Office rental and leases	55,266	-	-	-	-	-	55,266
Professional fees	14,179	-	-	85,021	-	-	99,200
Research grants awards	-	-	-	-	265,302	34,110	299,412
Salary	135,627	15,003	193,675	161,534	86,427	-	592,266
<b>Total Expense</b>	<b>\$ 65,557</b>	<b>\$ 28,331</b>	<b>\$ 360,997</b>	<b>\$ 347,668</b>	<b>\$ 461,763</b>	<b>\$ 62,283</b>	<b>\$ 1,326,599</b>