

Canadian Lung Association

Financial Statements

For the years ended March 31, 2013,
March 31, 2012 and as at April 1, 2011

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Independent Auditor's Report

To the Members of Canadian Lung Association

We have audited the accompanying financial statements of the Canadian Lung Association (the "Association") which comprise the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal controls 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 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 of 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 controls 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Lung Association as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that in our opinion, these principles have been applied on a consistent basis.



Chartered Accountants, Licensed Public Accountants
September 14, 2013
Ottawa, Ontario

Canadian Lung Association Statements of Financial Position

March 31, 2013

	General Fund	Research Fund	International Project	Total
Assets				
Current				
Cash and short-term investments (Note 2)	\$ 185,223	\$ 224,782	\$ -	\$ 410,005
Accounts receivable	246,965	46,271	-	293,236
Government remittances receivable	39,981	11,578	-	51,559
Prepaid expenses	159,841	1,039	-	160,880
	<u>632,010</u>	<u>283,670</u>	<u>-</u>	<u>915,680</u>
Investments (Note 3)	1,670,513	2,306,900	-	3,977,413
Long-term receivables (Note 4)	171,424	-	-	171,424
Capital assets (Note 5)	5,937	-	-	5,937
	<u>\$ 2,479,884</u>	<u>\$ 2,590,570</u>	<u>\$ -</u>	<u>\$ 5,070,454</u>

Liabilities and Fund Balances

Current				
Accounts payable and accrued liabilities	\$ 119,899	\$ 17,397	\$ -	\$ 137,296
Deferred revenue (Note 6)	559,806	298,265	-	858,071
	<u>679,705</u>	<u>315,662</u>	<u>-</u>	<u>995,367</u>
Fund Balances				
Unrestricted	1,583,412	2,274,908	-	3,858,320
Internally restricted - CTS	183,404	-	-	183,404
Internally restricted - Respiratory conference	33,363	-	-	33,363
	<u>1,800,179</u>	<u>2,274,908</u>	<u>-</u>	<u>4,075,087</u>
	<u>\$ 2,479,884</u>	<u>\$ 2,590,570</u>	<u>\$ -</u>	<u>\$ 5,070,454</u>

On behalf of the Board:

_____ Director _____ Director

Canadian Lung Association Statements of Financial Position

March 31, 2012

	General Fund	Research Fund	International Project	Total
Assets				
Current				
Cash and short-term investments (Note 2)	\$ 765,510	\$ 478,725	\$ -	\$ 1,244,235
Accounts receivable (Note 4)	151,002	33,433	98,696	283,131
Government remittances receivable	99,076	1,190	62	100,328
Prepaid expenses	91,677	1,000	-	92,677
	1,107,265	514,348	98,758	1,720,371
Investments (Note 3)	1,461,415	2,018,145	-	3,479,560
Long-term receivables (Note 4)	228,568	-	-	228,568
Capital assets (Note 5)	8,933	-	-	8,933
	\$ 2,806,181	\$ 2,532,493	\$ 98,758	\$ 5,437,432
Liabilities and Fund Balances				
Current				
Bank indebtedness	\$ -	\$ -	\$ 69,300	\$ 69,300
Accounts payable and accrued liabilities	169,445	27,682	12,593	209,720
Deferred revenue (Note 6)	709,188	235,157	-	944,345
	878,633	262,839	81,893	1,223,365
Fund Balances				
Unrestricted	1,468,616	2,269,654	16,865	3,755,135
Internally restricted - CTS	425,569	-	-	425,569
Internally restricted - Respiratory conference	33,363	-	-	33,363
	1,927,548	2,269,654	16,865	4,214,067
	\$ 2,806,181	\$ 2,532,493	\$ 98,758	\$ 5,437,432

Canadian Lung Association Statements of Financial Position

April 1, 2011

	General Fund	Research Fund	International Project	Total
Assets				
Current				
Cash and short-term investments (Note 2)	\$ 728,875	\$ 701,182	\$ -	\$ 1,430,057
Accounts receivable	186,676	25,115	20,002	231,793
Government remittances receivable	81,558	2,723	93	84,374
Prepaid expenses	115,585	2,404	-	117,989
	1,112,694	731,424	20,095	1,864,213
Investments (Note 3)	1,405,240	1,940,570	-	3,345,810
Long-term receivables (Note 4)	290,474	-	-	290,474
Capital assets (Note 5)	11,918	-	-	11,918
	\$ 2,820,326	\$ 2,671,994	\$ 20,095	\$ 5,512,415

Liabilities and Fund Balances

Current				
Bank indebtedness	\$ -	\$ -	\$ 4,911	\$ 4,911
Accounts payable and accrued liabilities	245,194	2,111	-	247,305
Deferred revenue (Note 6)	755,335	355,500	3,194	1,114,029
	1,000,529	357,611	8,105	1,366,245
Fund Balances				
Unrestricted	1,341,552	2,314,383	11,990	3,667,925
Internally restricted - CTS	442,682	-	-	442,682
Internally restricted - Respiratory conference	35,563	-	-	35,563
	1,819,797	2,314,383	11,990	4,146,170
	\$ 2,820,326	\$ 2,671,994	\$ 20,095	\$ 5,512,415

Canadian Lung Association Statements of Operations

For the year ended March 31, 2013

	General Fund	Research Fund	International Project	Total
Revenue				
Provincial assessments	\$ 785,734	\$ 566,441	\$ -	\$ 1,352,175
Program and project contracts	217,057	-	-	217,057
Sponsorship	826,440	78,951	-	905,391
Donations	27,984	-	-	27,984
Bequests and memorials (Note 8)	48,805	7,527	-	56,332
Membership	121,903	-	-	121,903
Endorsements	17,489	-	-	17,489
Sale of materials	4,124	-	-	4,124
Recovery of prior year grants	-	990	-	990
Interest and investment income	60,561	97,789	-	158,350
Accreditation	77,475	-	-	77,475
Miscellaneous and other income	4,692	-	-	4,692
Conference registration	171,070	-	-	171,070
	2,363,334	751,698	-	3,115,032
Expenses (schedules)				
Admin allocation	(39,374)	39,374	-	-
Advertising and promotion	141,670	-	-	141,670
Consultants	289,365	99,228	-	388,593
Meetings and Travel	567,929	76,538	-	644,467
Other operating expenses	377,383	47,747	-	425,130
Office rentals and leases	161,656	526	-	162,182
Professional fees	24,657	-	-	24,657
Research grants and awards	-	423,386	-	423,386
Salary	1,032,362	126,041	-	1,158,403
	2,555,648	812,840	-	3,368,488
Deficiency of revenue over expenses before unrealized items	(192,314)	(61,142)	-	(253,456)
Unrealized gain on investments	48,080	66,396	-	114,476
Deficiency of revenue over expenses for the year	\$ (144,234)	\$ 5,254	\$ -	\$ (138,980)

Canadian Lung Association Statements of Operations

For the year ended March 31, 2012

	General Fund	Research Fund	International Project	Total
Revenue				
Provincial assessments	\$ 785,734	\$ 648,937	\$ -	\$ 1,434,671
Programs and projects	1,202,153	-	111,684	1,313,837
Sponsorship	1,229,970	60,967	-	1,290,937
Corporate donations	28,104	-	-	28,104
Bequests and memorials (Note 8)	147,985	-	-	147,985
Membership	96,381	-	-	96,381
Endorsements	19,960	-	-	19,960
Sale of materials	-	-	-	-
Recovery of prior year grants	-	5,000	-	5,000
Interest and investment income	48,054	58,579	-	106,633
Accreditation	11,125	-	-	11,125
Miscellaneous and other income	117,025	291	-	117,316
Conference registration	137,940	-	-	137,940
	3,824,431	773,774	111,684	4,709,889
Expenses (schedules)				
Admin allocation	(42,843)	38,875	16,474	12,506
Advertising and promotion	583,007	-	-	583,007
Consultants	345,361	-	62,075	407,436
Meetings and travel	768,618	55,462	9,980	834,060
Other operating expenses	340,995	27,705	7,800	376,500
Office rentals and leases	163,973	12,846	37	176,856
Professional fees	31,850	-	364	32,214
Research grants and awards	-	612,217	-	612,217
Salary	1,550,257	105,284	10,079	1,665,620
	3,741,218	852,389	106,809	4,700,416
Excess (deficiency) of revenue over expenses before unrealized items	83,213	(78,615)	4,875	9,473
Unrealized gain on investments	24,538	33,886	-	58,424
Excess (deficiency) of revenue over expenses for the year	\$ 107,751	\$ (44,729)	\$ 4,875	\$ 67,897

Canadian Lung Association Statements of Changes in Fund Balances

For the year ended March 31, 2013

	General Fund			Research Fund	International Project	Total
	Unrestricted	Internally Restricted CTS	Internally Restricted Respiratory Conference	Unrestricted	Unrestricted	
Balance, beginning of year	\$ 1,468,616	\$ 425,569	\$ 33,363	\$ 2,269,654	\$ 16,865	\$ 4,214,067
Transfer of international project balance to general (Note 7)	16,865	-	-	-	(16,865)	-
Excess (deficiency) of revenue over expenses	97,931	(242,165)	-	5,254	-	(138,980)
Balance, end of year	\$ 1,583,412	\$ 183,404	\$ 33,363	\$ 2,274,908	\$ -	\$ 4,075,087

For the year ended March 31, 2012

	General Fund			Research Fund	International Project	Total
	Unrestricted	Internally Restricted CTS	Internally Restricted Respiratory Conference	Unrestricted	Unrestricted	
Balance, beginning of year	\$ 1,341,552	\$ 442,682	\$ 35,563	\$ 2,314,383	\$ 11,990	\$ 4,146,170
Excess (deficiency) of revenue over expenses	127,064	(17,113)	(2,200)	(44,729)	4,875	67,897
Balance, end of year	\$ 1,468,616	\$ 425,569	\$ 33,363	\$ 2,269,654	\$ 16,865	\$ 4,214,067

Canadian Lung Association Statements of Cash Flows

For the year ended March 31	2013	2012
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (138,980)	\$ 67,898
Adjustments for:		
Amortization of capital assets	4,512	11,603
Bond discount/premium amortization	26,494	22,042
(Gain) Loss on sale of investments	2,956	(21,430)
Unrealized gain on investments	(114,476)	(58,424)
	(219,494)	21,689
Changes in non-cash working capital items		
Accounts receivable	(10,105)	(51,717)
Government remittances receivable	48,769	(15,574)
Prepaid expenses	(68,203)	25,312
Accounts payable and accrued liabilities	(72,425)	(37,588)
Deferred revenue	(86,274)	(169,684)
	(407,732)	(227,562)
Cash flows from investing activities		
Purchase of investments	(1,557,182)	(923,142)
Sale of investments	1,049,478	309,398
Long-term receivables	57,144	61,906
Capital asset additions	1,516	(8,618)
	(449,044)	(560,456)
Decrease in cash during the year	(856,776)	(788,018)
Cash and short-term investments, beginning of year	1,867,657	2,655,675
Cash and short-term investments, end of year	\$ 1,010,881	\$ 1,867,657
Represented by:		
Cash and short-term investments (Note 2)	\$ 410,005	\$ 1,174,935
Cash component of investments (Note 3)	600,876	692,722
	\$ 1,010,881	\$ 1,867,657

Canadian Lung Association

Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

Nature and Purpose of Organization	The association is a registered charity incorporated in Canada, whose mission is to improve respiratory health. The association is exempt from income taxes.
Basis of Presentation	<p>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:</p> <p>General Fund The General fund accounts for the ongoing operating activities of the association and the following Societies; the Canadian Thoracic Society (CTS) and the Canadian Respiratory Health Professionals (CRHP). The funds of CTS are internally restricted.</p> <p>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.</p> <p>International Project The International Project Fund was established to describe the financial results of the National Tuberculosis Strengthening Program in Ecuador, which was primarily funded by the Canadian International Development Agency (CIDA) and also by the Cooperative for Assistance and Relief Everywhere Inc. (CARE). With the completion of the CIDA project, the board has decided to close the International Project. Currently, the association is working on a new international project with the United States Agency for International Development (USAID) which has been integrated into the General Fund.</p>
Use of Estimates	<p>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.</p> <p>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.</p>

Canadian Lung Association

Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

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, long-term receivables, 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.

Transaction costs

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.

Canadian Lung Association

Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

Financial Risk Management	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.
Revenue Recognition	<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>
Investments	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.
Capital Assets	Capital assets are stated at cost. Amortization is provided using the straight-line method over three years.
Allocation of Expenses	<p>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.</p> <p>The association allocates an allowance for general support expenses to individual projects proportionately based on the proportion of staff working on each project.</p>

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

1. Impact of the Changes in the Basis of Accounting

The association has elected to apply the Canadian Accounting Standards for Not-for-profit Organizations of Part III of the CICA Accounting Handbook.

These financial statements are the first financial statements for which the association has applied Canadian Accounting Standards for Not-for-Profit Organizations, hereafter referred to as "ASNPO".

The financial statements for the year ended March 31, 2013 were prepared in accordance with the ASNPO and provisions set out in FIRST-TIME ADOPTION, Section 1501, for first-time adopters of this basis of accounting.

The association has not elected to use any exemptions relating to the initial application of ASNPO under section 1501.

The adoption of ASNPO did not result in any changes to statement of changes to fund balances at the date of transition (April 1, 2011) and the previously issued financial statements for the year ended March 31, 2012. As a result, no reconciliation was prepared.

2. Cash and Short-Term Investments

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

3. Investments

The cost of the investments are as follows:

	March 31, 2013		
	General Fund	Research Fund	Total
Cash and short-term	\$ 252,368	\$ 348,508	\$ 600,876
Common equities	347,488	479,865	827,353
Fixed income	1,019,059	1,407,272	2,426,331
	\$ 1,618,915	\$ 2,235,645	\$ 3,854,560

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

3. Investments (continued)

	March 31, 2012		
	General Fund	Research Fund	Total
Cash and short-term	\$ 290,943	\$ 401,779	\$ 692,722
Common equities	222,385	307,104	529,489
Fixed income	922,515	1,273,950	2,196,465
	\$ 1,435,843	\$ 1,982,833	\$ 3,418,676
	April 1, 2011		
	General Fund	Research Fund	Total
Cash and short-term	\$ 516,822	\$ 713,707	\$ 1,230,529
Common equities	211,110	291,533	502,643
Fixed income	689,193	951,743	1,640,936
	\$ 1,417,125	\$ 1,956,983	\$ 3,374,108

The carrying values of the investments are as follows:

	March 31, 2013		
	General Fund	Research Fund	Total
Cash and short-term	\$ 250,224	\$ 345,547	\$ 595,771
Common equities	371,981	513,688	885,669
Fixed income	1,048,309	1,447,664	2,495,973
	\$ 1,670,514	\$ 2,306,899	\$ 3,977,413
	March 31, 2012		
	General Fund	Research Fund	Total
Cash and short-term	\$ 291,063	\$ 401,944	\$ 693,007
Common equities	222,047	306,637	528,684
Fixed income	948,305	1,309,564	2,257,869
	\$ 1,461,415	\$ 2,018,145	\$ 3,479,560

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

3. Investments (continued)

	April 1, 2011		
	General Fund	Research Fund	Total
Cash and short-term	\$ 516,822	\$ 713,707	\$ 1,230,529
Common equities	213,424	294,729	508,153
Fixed income	674,994	932,134	1,607,128
	\$ 1,405,240	\$ 1,940,570	\$ 3,345,810

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 2.00% to 7.50% per annum and mature between April 2013 and June 2022.

Investments in common equities include amounts denominated in U.S. dollars of \$218,638.75 at carrying value (March 31, 2012 - \$125,592, April 1, 2011 - \$87,591), and \$192,294 at cost (March 31, 2012 - \$107,642, April 1, 2011 - \$86,243).

Interest earned on investments was \$134,576 (2012 - \$77,199). A capital loss of \$2,956 was recognized in the current year on the sale of investments (2012 - gain of \$21,431).

4. Accounts Receivable and Long-Term Receivables

Accounts receivable are net of an allowance for doubtful accounts of \$44,278 (2012 - \$35,948).

The Canadian Lung Association and the Ontario Lung Association have signed an agreement for the payment of the Ontario Lung Association's outstanding assessments. According to the terms of this agreement, the Ontario Lung Association will repay the outstanding assessments in monthly instalments of \$4,762 over a 7 year period commencing April 1, 2010, reduced by any balloon payments, without interest. The portion relating to instalments receivable after March 31, 2014 has been classified as long-term.

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

5. Capital Assets

March 31, 2013			
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 24,244	\$ 24,244	\$ -
Computer equipment	41,672	35,735	5,937
Computer software	68,276	68,276	-
Leasehold improvements	7,887	7,887	-
	\$ 142,079	\$ 136,142	\$ 5,937
March 31, 2012			
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 24,244	\$ 24,244	\$ -
Computer equipment	40,156	31,223	8,933
Computer software	68,276	68,276	-
Leasehold improvements	7,887	7,887	-
	\$ 140,563	\$ 131,630	\$ 8,933
April 1, 2011			
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 24,243	\$ 23,870	\$ 373
Computer equipment	31,537	21,169	10,368
Computer software	68,276	67,099	1,177
Leasehold improvements	7,887	7,887	-
	\$ 131,943	\$ 120,025	\$ 11,918

During the year, property and equipment was purchased for \$1,516 (March 31, 2012 - \$8,618, April 1, 2011 - \$8,560).

During the year, the association incurred amortization expense of \$4,403 (March 31, 2012 - \$11,591) which was charged to the departments for which the related equipment was purchased.

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

6. Deferred Revenue

	Balance at Beginning of Year	Contributions	Expenses Incurred and Revenue Recognized	Balance at End of Year
General Fund				
COPD Alliance	\$ 43,119	\$ -	\$ 18,316	\$ 24,803
Breathworks	48,093	-	4,904	43,189
Marketing	99,047	-	99,047	-
Corporate Funds Development	-	10,000	-	10,000
LHF Secretariat Phase 2	67,105	-	67,105	-
Respiratory Conference 2012	168,572	4,998	173,570	-
Respiratory Conference 2013	-	439,450	191,670	247,780
Tobacco Strategic Plan	5,909	-	5,909	-
Lung Cancer Project	8,265	-	8,265	-
Consumer Health Information	-	179,956	49,830	130,126
CTS Programs	204,806	79,990	271,952	12,844
Unearned memberships	64,272	91,412	64,620	91,064
	709,188	805,806	955,188	559,806
Research Fund				
Research Grants	235,157	300,809	237,701	298,265
	\$ 944,345	\$ 1,106,615	\$ 1,192,889	\$ 858,071

7. International Project Fund

During the year, the association decided to close the International Project Fund and integrate any further international operations into the general fund.

The fund had been established to describe the financial results of the National Tuberculosis Strengthening Program in Ecuador which was funded primarily by the Canadian International Development agency (CIDA). This project has been closed for several years and the association has not had any subsequent projects with CIDA. Other international projects previously included under the International Project Fund, including the current project with the United States Agency for International Development (USAID) do not require the same level of reporting and are of a smaller scale. Therefore, the association has integrated these projects into the general fund activities during the year with related expenses detailed in Schedule 1.

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

8. Bequests and Memorials

	<u>2013</u>	<u>2012</u>
Received during the year	\$ 279,135	\$ 591,940
Less: Provincial allocation	<u>(222,803)</u>	<u>(443,955)</u>
	<u>\$ 56,332</u>	<u>\$ 147,985</u>

9. Commitments

The association is committed to monthly premises lease payments of \$8,430 ending October 31, 2017 and an equipment lease of \$1,670 per quarter ending February 28, 2016. Minimum payments over the next four years to meet the above commitments is as follows:

2014	\$ 107,841
2015	108,020
2016	114,312
2017	<u>68,908</u>
	<u>\$ 399,081</u>

10. Contribution Agreements

Contributions received from government agencies may be subject to audit under the terms and conditions of the contribution agreement. Should an audit reveal that any of the expenses of the project are not in accordance with funding guidelines or should any unspent funds remain at the end of the project, the funder may require the association to reimburse a portion of the funds advanced. No claim for reimbursement has been made to date and management is of the opinion that the amount of any possible claim cannot be anticipated at this time. No provision for reimbursement of funds has been made in the financial statements. In the event any sum has to be reimbursed, it will be treated as a current period expense.

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

11. Studentships, Fellowships, Research Grants and Honorariums:

Included in the departmental expenses of the research fund are the following studentships, fellowships, grants and honorariums:

	2013	2012
Studentships:		
D. Leary, Dalhousie University	\$ 10,500	\$ 10,500
D. Ling, McGill University	10,500	21,000
T. McGovern, McGill University	-	21,000
M. Ospina, University of Alberta	21,000	21,000
M.L. Specq, Université de Sherbrooke	-	31,500
J. Meloche, University of Laval	21,000	-
N. Trinh, University of Montreal	21,000	-
Fellowships:		
M. Bilodeau, The Hospital for Sick Children (Toronto)	-	33,750
J. Chen, Ecole Polytechnique Federale de Lausanne	-	22,500
V. Coats, University of Laval	5,000	-
L. Desveaux, University of Toronto	-	10,000
B.H. Ghanbari, University of British Columbia	-	10,000
M.N. Ghayur, McMaster University	22,500	45,000
J. Guenette, Queen's University	-	45,000
M. Jensen, Hôpital Sainte-Justine (Montreal)	14,063	-
K. Keilty, University of Toronto	10,000	10,000
O. Lyon, University Health Network	30,000	-
N. Marr, University of British Columbia	16,407	28,125
M. Morissette, McMaster University	22,500	22,500
M. Nonoyama, University of Toronto	22,500	45,000
P. Pouliot, State University of Ghent	31,250	31,250
F. Ribeiro, University of Laval	5,000	-
P. Robles-Ribeiro, University of Laval	10,000	-
P. Sharma, University of Calgary	28,125	-
E. Simons, The Hospital for Sick Children (Toronto)	-	45,000
C. Verschoor, McMaster University	45,000	-
A. West, Dalhousie University	-	33,750
Honoraria:		
National Grant Peer Review Meetings	7,300	6,400

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

11. Studentships, Fellowships, Research Grants and Honorariums (continued)

	2013	2012
Grants:		
D. Brooks, West Park Healthcare Centre	13,000	20,740
P. Camp, University of British Columbia	-	24,391
T. Janaudis-Ferreira, West Park Healthcare Centre	10,449	1,557
R. Kajla, Fraser Health/ Surrey Memorial Hospital	2,496	-
K. Keilty, University of Toronto	8,348	-
S. Mathur, University of Toronto	-	24,931
M. Nonoyama, University of Toronto	15,248	-
D.W. Reid, University of British Columbia	-	25,000
D. Saey, University of Laval	20,200	-
Awards:		
L. Angle, Niagara Region	-	2,400
B. Fournier, IUCPQ	-	3,000
N. Garvey, Institute for Clinical Evaluative Sciences	-	3,000
D. Goodridge, University of Saskatchewan	-	2,630
T. Janaudis-Ferreira, West Park Healthcare Centre	-	2,626
M. Nonoyama, University of Toronto	-	2,223
D. Saey, University of Laval	-	2,613
S. Small, Memorial University of Newfoundland	-	2,630
L. Woon, West Park Healthcare Centre	-	1,200
	\$ 423,386	\$ 612,216

12. 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, 2013.

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 and long-term receivables. 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.

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 bank indebtedness, 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.

Canadian Lung Association Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

12. Risks and Concentration (continued)

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 mainly exposed to interest rate 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.

13. Comparative Amounts

The presentation of certain accounts of the previous year has been changed to conform to the presentation required from the adoption of Canadian Accounting Standards for Not-for-Profit Organizations.

Canadian Lung Association Schedule 1 - Summary by Line of Business

For the year ended March 31, 2013

	General Admin	Health Care Professionals	Canadian Respiratory Conference	Consumer Health Information	Communications and Advocacy	National Lung Health Framework	National Coordination	International	Research	Total
Expenses										
Admin allocation	\$ (315,247)	\$ 115,254	\$ 19,924	\$ 49,588	\$ 42,842	\$ -	\$ 43,410	\$ 4,855	\$ 39,374	\$ -
Advertising and promotion	190	10,622	96,986	22,606	10,728	-	538	-	-	141,670
Consultants	17,846	41,864	96,361	32,815	48,085	5,473	16,207	30,714	99,228	388,593
Meetings and travel	2,045	216,658	229,805	8,339	6,839	4,351	89,863	10,029	76,538	644,467
Other operating expenses	185,311	78,188	92,439	12,961	5,471	2,287	3,014	(2,288)	47,747	425,130
Office rental and leases	108,235	1,054	51,633	213	214	192	115	-	526	162,182
Professional fees	17,670	(28)	-	-	-	-	7,015	-	-	24,657
Research grants and awards	-	-	-	-	-	-	-	-	423,386	423,386
Salary	85,283	342,160	66,893	106,176	108,723	133,352	172,400	17,375	126,041	1,158,403
Total Expense	\$ 101,333	\$ 805,772	\$ 654,041	\$ 232,698	\$ 222,902	\$ 145,655	\$ 332,562	\$ 60,685	\$ 812,840	\$3,368,488

Canadian Lung Association Schedule 1 - Summary by Line of Business

For the year ended March 31, 2012

	General Admin	Health Care Professionals	Canadian Respiratory Conference	Consumer Health Information	Communications and Advocacy	National Lung Health Framework	National Coordination	International	Research	Total
Expenses										
Admin allocation	\$ (127,215)	\$ (20,262)	\$ 67,500	\$ 235	\$ -	\$ 36,676	\$ 223	\$ 16,474	\$ 38,875	\$ 12,506
Advertising and promotion	215	24,817	51,807	464,426	41,742	-	-	-	-	583,007
Consultants	14,165	76,192	68,424	32,208	53,790	99,543	1,039	62,075	-	407,436
Meetings and travel	3,177	319,578	201,854	11,226	14,345	120,188	98,250	9,980	55,462	834,060
Other operating expenses	129,160	90,512	62,659	18,672	11,249	25,419	3,324	7,800	27,705	376,500
Office rental and leases	38,904	31,728	52,317	8,205	1,784	28,128	2,907	37	12,846	176,856
Professional fees	18,000	601	-	-	-	975	12,274	364	-	32,214
Research grants awards	-	-	-	-	-	-	-	-	612,217	612,217
Salary	695,904	356,230	32,500	38,327	100,445	326,851	-	10,079	105,284	1,665,620
Total Expense	\$ 772,310	\$ 879,396	\$ 537,061	\$ 573,299	\$ 223,355	\$ 637,780	\$ 118,017	\$ 106,809	\$ 852,389	\$4,700,416