

Alberta Lung Association

Audited Financial Statements

For the year ended September 30, 2025

Alberta Lung Association

Statement of Financial Position

September 30, 2025

	NOTE	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 2,478,045	$ 1,065,947
Accounts receivable	4	212,920	454,505
Short-term investments	5	335,625	73,687
Prepaids		50,343	30,401
		3,076,933	1,624,540
Investments	5	950,809	887,346
Tangible capital assets	6	1,404,768	2,024,886
		$ 5,432,510	**$** 4,536,772
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**$** 96,993	**$** 93,864
Deferred contributions	7	1,249,682	763,666
		1,346,675	857,530
Deferred contributions related to tangible capital assets	7	1,100,000	1,100,000
		2,446,675	1,957,530
NET ASSETS			
Invested in tangible capital assets		304,768	924,886
Restricted for endowment purposes		950,809	887,346
Unrestricted		1,730,258	767,010
		2,985,835	2,579,242
		$ 5,432,510	**$** 4,536,772
Commitments	12		

Signed on behalf of the Board

Chair **Treasurer**

See accompanying notes to the financial statements

Alberta Lung Association

Statement of Operations

For the year ended September 30, 2025

	NOTE	2025	2024
REVENUES			
Direct response		$ 626,157	$ 614,440
Community and 3rd party		368,847	673,613
Other	8	199,101	219,836
Sponsors		17,057	32,247
Planned giving		1,311,659	148,313
Grants		75,542	73,570
		2,598,363	1,762,019
EXPENSES			
Administration		431,922	552,512
Amortization	6	5,335	3,399
Fundraising		269,990	615,909
Mission spend		831,510	702,888
Grants and donations to Alberta charities		25,395	75,000
		1,564,152	1,949,708
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS		1,034,211	(187,689)
Write-off of pre-construction costs	6	(691,081)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		$ 343,130	$ (187,689)

See accompanying notes to the financial statements

Alberta Lung Association

Statement of Changes in Net Assets

For the year ended September 30, 2025

	NOTE	2025	2024
INVESTED IN TANGIBLE CAPITAL ASSETS			
Balance, beginning of year		$ 924,886	$ 887,740
Tangible capital assets purchased		76,298	140,545
Contributions received for tangible capital assets		-	(100,000)
Write-off of pre-construction costs	6	(691,081)	-
Amortization	6	(5,335)	(3,399)
Balance, end of year		304,768	924,886
RESTRICTED FOR ENDOWMENT PURPOSES			
Balance, beginning of year		887,346	787,221
Contribution received for endowment		45,833	12,967
Net investment gain	5	17,630	87,158
Balance, end of year		950,809	887,346
UNRESTRICTED			
Balance, beginning of year		767,010	991,845
Excess (deficiency) of revenues over expenses		343,130	(187,689)
Tangible capital assets purchased		(76,298)	(140,545)
Write-off of pre-construction costs	6	691,081	-
Contributions received for tangible capital assets		-	100,000
Amortization	6	5,335	3,399
Balance, end of year		1,730,258	767,010
		$ 2,985,835	$ 2,579,242

See accompanying notes to the financial statements

Alberta Lung Association

Statement of Changes in Cash Flow

For the year ended September 30, 2025

	2025	2024
CASH PROVIDED BY (USED BY):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	$ 343,130	$ (187,689)
Amortization	5,335	3,399
Write-off of pre-construction costs	691,081	-
Unrealized gain on investments	(2,577)	(27,288)
Change in non-cash working capital	710,788	235,479
	1,747,757	23,901
INVESTING ACTIVITIES		
Purchase of investments	(305,194)	(72,967)
Purchase of tangible capital assets	(76,298)	(140,545)
	(381,492)	(213,512)
FINANCING ACTIVITIES		
Contributions received for tangible capital assets	-	100,000
Contribution received for endowment	45,833	12,967
Repayment of Canada Emergency Business Account (CEBA) Loan	-	(40,000)
	45,833	72,967
Increase (decrease) in cash	1,412,098	(116,644)
Cash, beginning of year	1,065,947	1,182,591
Cash, end of year	$ 2,478,045	$ 1,065,947
CHANGE IN NON-CASH WORKING CAPITAL INCLUDES:		
Accounts receivable	$ 241,585	$ 290,286
Prepaids	(19,942)	9,284
Accounts payable and accrued liabilities	3,129	22,509
Deferred contributions	486,016	(86,600)
	$ 710,788	$ 235,479

See accompanying notes to the financial statements

1. OPERATIONS

The Alberta Lung Association ("Association") is incorporated under the *Societies Act of Alberta*. Its mission and objectives are to improve respiratory health through fundraising, community health education programs and professional education activities.

The Association is a registered charity under the *Income Tax Act* (Canada) and is exempt from Canadian federal and provincial income taxes. The Association can issue donation receipts for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the Chartered Professional Accountants of Canada Handbook, and include the following accounting policies:

a) Revenue recognition

The Association prepares these financial statements using the deferral method of accounting for contributions. Key elements of this policy include recognizing:

- Restricted contributions as revenue in the year the related expenses are incurred.
- Unrestricted contributions as revenue in the year received / receivable if the Association can reasonably estimate the amount, and collection is reasonably assured.
- Contributions for endowment and unamortized tangible capital assets, such as land, as direct increases in net assets.
- Restricted net investment income as direct increases to the endowment and as direct increases to net assets.
- Government assistance and grants as revenue in the year it incurs the related and allowable expenses.
- Government subsidies when received or receivable.

b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

c) Expense allocation

The Association bases the allocations on the function's proportionate share of full-time equivalent employees.

d) Donated services

The Association depends on the voluntary service of many individuals in performing its mission. Since these services are normally not purchased by the Association and because of the difficulty in determining fair market value, donated services are not recognized in the financial statements.

e) Investments

The Association measures investments initially at fair value, with any changes recorded immediately as:

- income for unrestricted investments and direct increase or decrease in Net Assets Restricted for Endowment Purposes for any externally restricted investment income that must be added to the principal resources held for endowment; or
- a restricted contribution if the investment income can be used for the defined purpose of the endowment.

f) Tangible capital assets

The Association records tangible capital assets at cost and contributed tangible capital assets at fair value at the date of contribution.

It records equipment under capital lease at the present value of the minimum lease payments required under the term of the lease.

The Association records amortization on a straight-line basis over the assets' estimated useful lives, over the following periods:

Computer hardware	3 years
Equipment	4 years
Furniture and fixtures	5 years

The Association capitalizes costs related to the planned lung health and transplant recovery facility, including design fees and construction costs. At the time the facility becomes functional, the Association will begin amortizing the asset.

The Association capitalizes costs associated with the land purchased for this facility - including costs to demolish the existing structures, property taxes, maintenance and security costs. Once construction begins, these costs will be allocated to the facility.

When conditions indicate impairment in a tangible capital asset, its carrying value is written down to its fair value or replacement cost. The write-down is recorded as an expense in the statement of operations and shall not be reversed.

g) Software Services

During the year, the Association adopted Accounting Guidelines AcG-20, "Customer's Accounting for Cloud Computing Arrangements" which is effective for fiscal years beginning on or after January 1, 2024. The guideline was adopted retrospectively. There was no impact on the adoption of this guideline as there were no changes in the recording of software service fees and other expenses related to cloud computing arrangements on adoption. The Association applied the simplification method and software service fees and other expenses related to cloud computing arrangements are expensed as incurred. Total software services of $125,307 was included in expenses in the statement of operations.

h) 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 liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and financial instruments designated to be measured at fair value, which are measured at fair value. Changes in fair value are recognized in the statement of operations unless otherwise noted. Investments are measured at fair value. Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and guaranteed investment certificates. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, 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. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

3. CASH & CASH EQUIVALENTS

		2025		2024
Unrestricted cash	$	1,292,794	$	594,353
Restricted cash		1,166,634		453,965
Held on behalf of others		18,617		17,629
	$	2,478,045	$	1,065,947

3. CASH & CASH EQUIVALENTS (CONTINUED)

Restricted cash includes cash restricted by corporate or governmental grant provisions and held for special projects, and cash earned from gaming activities that is governed by specific use provisions.

Cash held on behalf of others includes funds held for Campaign for a Smoke-Free Alberta and Edmonton Thoracic Society (Note 14).

4. ACCOUNTS RECEIVABLE

	2025	2024
Donations and pledges receivable	$ 202,018	$ 447,853
GST rebate	10,902	6,652
	$ 212,920	$ 454,505

5. INVESTMENTS

	2025	2024
Unrestricted	$ 252,577	$ ---
Deferred contributions for treatment of respiratory diseases	83,048	73,687
	335,625	73,687
Externally restricted for endowment purposes	950,809	887,346
	$ 1,286,434	$ 961,033

Investments consist of fixed income bonds and equity funds measured at fair value and guaranteed investment certificates bearing interest ranging from 2.25% to 3.35%, maturing between December 2025 and May 2026, measured at amortized cost.

Investment income consists of interest, dividends and gains/(losses). Investment gain for the year ended September 30, 2025, is $64,291 (2024: $163,738) which consists of $17,630 gain (2024: $87,158 gain) reflected as a direct increase in net assets restricted for endowment purposes, $9,361 (2024: $27,288) deferred for the treatment of respiratory diseases and $37,300 (2024: $49,292) recognized as investment income (Note 8).

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Computer hardware	$ 12,362	$ 9,362	$ 3,000	$ 6,274
Equipment	1,759	1,254	505	1,112
Furniture and fixtures	2,542	2,542	-	250
	16,663	13,158	3,505	7,636
Building – pre-construction	-	-	-	632,169
Land	1,401,263	-	1,401,263	1,385,081
	$ 1,417,926	$ 13,158	$ 1,404,768	$ 2,024,886

Amortization recorded for the year ended September 30, 2025 is $5,335 (2024: $3,399). In 2020, the Association purchased land in anticipation of building a lung health and transplant recovery centre. Costs to demolish the existing structures, as well as security costs and property taxes have been included in the cost of the land.

In 2025, the Association has decided to change the original building plan and therefore the pre-construction costs previously capitalized to the building are considered impaired. Pre-construction costs of $691,081 has been written off during the year.

7. DEFERRED CONTRIBUTIONS

	2025	2024
HEALTH INITIATIVES		
Balance, beginning of year	$ 632,539	$ 723,817
Received/receivable during the year	764,356	204,732
Recognized as revenue	(278,811)	(296,010)
Balance, end of year	1,118,084	632,539
RESPIRATORY DISEASES		
Balance, beginning of year	73,687	46,399
Received/receivable during the year	9,361	27,288
Recognized as revenue	---	---
Balance, end of year	83,048	73,687
GAMING		
Balance, beginning of year	57,440	80,050
Received/receivable during the year	176,038	65,714
Recognized as revenue	(184,928)	(88,324)
Balance, end of year	48,550	57,440
	1,249,682	763,666
BREATHING SPACE CAPITAL CONTRIBUTIONS		
Balance, beginning of year	1,100,000	1,000,000
Received/receivable during the year	---	100,000
Recognized as revenue	---	---
Balance, end of year	1,100,000	1,100,000
	$ 2,349,682	$ 1,863,666

8. OTHER REVENUE

	2025	2024
Gaming	$ 84,055	$ 78,687
Investment income	37,300	49,292
Gift in kind	25,746	51,492
Other income	52,000	40,365
	$ 199,101	$ 219,836

9. FINANCIAL RISKS AND CONCENTRATION OF CREDIT RISK

a) Liquidity risk

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. It prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. The Association has a positive working capital of $1,730,258 at September 30, 2025 (2024: $767,010).

b) Interest rate risk

The Association manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

c) Credit risk

Credit risk is the risk of economic loss arising from a party's failure to repay or service debt according to contractual terms. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash, investments and accounts receivable. The Association has deposited cash and has investments with reputable financial institutions, from which management believes the risk of loss to be remote. The Association has receivables from credit worthy counterparts. Management does not believe there is a significant credit risk. The Association regularly monitors its credit risk in relation to its financial assets and takes steps to minimize the risk of loss.

9. FINANCIAL RISKS AND CONCENTRATION OF CREDIT RISK *(continued)*

d) 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. The Association has investments subject to risks arising from changes in market conditions and general market fluctuations.

The Association's investment policy restricts the types and proportions of eligible investments to mitigate the Association's exposure to market risk. Management reviews the policy and the results of its strategy annually with the Finance and Audit Committee of the Board to ensure its ongoing efficacy and to adjust policies where required.

Except as otherwise noted, there have been no changes to these risk exposures from the prior year.

10. ALLOCATION OF EXPENSES

The Association allocates certain administration costs and professional fees by functions as follows:

	2025	2024
FUNDRAISING		
Computer support & maintenance	$ 11,667	$ 11,221
Rent	7,152	5,203
Professional fees	5,250	3,975
Insurance	2,000	1,542
Equipment lease	1,833	512
Communication	1,783	---
	29,685	22,453
MISSION SPEND		
Computer support & maintenance	14,467	18,167
Rent	8,868	18,022
Professional fees	6,510	12,311
Insurance	2,480	2,421
Equipment lease	2,273	2,048
Communication	2,211	---
	36,809	52,969
	$ 66,494	$ 75,422

10. ALLOCATION OF EXPENSES *(continued)*

The Association bases the allocations on the function's proportionate share of full-time equivalent employees. Management reviews the basis of expense allocation on a periodic basis or when there is a significant change in functions or cost structure and makes any adjustments to the basis of allocation accordingly.

11. DEFINED BENEFIT PENSION PLAN

The Association's employees participate in a multi-employer defined benefit contribution registered pension plan administered by Local Authorities Pension Plan (LAPP). The Association accounts for the LAPP using defined contribution accounting since information regarding the plan is not readily available to use defined benefit accounting. Contributions to the plan are recognized as an expense during the year.

The Association contributes 8.45% of each eligible employee's earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 11.65% thereafter as its current service contribution to the plan. Total contributions made by the Association to the LAPP in 2025 were $38,871 (2024: $1,852).

The Association's employees also participated in a defined contribution registered pension plan administered by Manulife Financial, which was wound up on December 31, 2024. Under this plan, the Association contributed 5% of each employee's earnings as its current service contribution. Total contributions made by the Association to this plan in 2025 were $1,160 (2024: $17,002).

12. COMMITMENTS

The Association signed a lease for a shared office space that expires November 30, 2025. The Association pays month to month after the lease expires.

The Association also has committed to lease payments for office equipment that expires December 31, 2028.

Aggregate minimum annual lease payments for the remaining terms are as follows:

2026	$ 4,281
2027	$ 2,820
2028	$ 2,820
2029	$ 705

13. CHARITABLE FUNDRAISING ACT OF ALBERTA

The Charitable Fundraising Act of Alberta requires the following information be disclosed:

The Association received gross contributions of $2,598,363 in 2025 (2024: $1,762,019).

Soliciting contributions include:

- Direct mail campaigns (direct response), third party fundraising, unsolicited service clubs, staff funds, foundations, online, monthly, memorials and bequests.
- The total expenses incurred to solicit contributions, including employee costs, were $269,990 (2024: $615,909). No dispositions equalled or exceeded 10% of gross contributions received.
- The Association incurred $176,520 in costs (2024: $172,266) for employees with principal duties related to fundraising.
- The Association dispersed these contributions through Research, Education, Awareness and Community Support that includes:
    - Provincial medical research grants
    - Provincial program grants
    - Community support of patients with lung-related disease

14. FUNDS HELD ON BEHALF OF OTHERS

The Association records funds held on behalf of the following groups as part of its restricted cash with a corresponding offset to accounts payable and accrued liabilities.

Campaign for a Smoke-Free Alberta (CFSA)

CFSA, a coalition of seven provincial organizations, aims to develop, manage and execute a provincial advocacy strategy for a comprehensive tobacco reduction plan for Alberta, including taxation, control legislation, regulations and evidence-based programs relating to tobacco. Coalition members include the Canadian Cancer Society (CCS), Heart and Stroke Foundation (HSF), Action on Smoking (ASH), Alberta Health Services (AHS), Alberta Public Health Association, Alberta Policy Coalition for Chronic Disease Prevention (APCCP) and the Association.

The coalition makes decisions on a consensus basis. Expenses and payments are approved by two member organizations, currently CCS and ASH.

Edmonton Thoracic Society (ETS)

ETS, a coalition of lung health professionals, aims to educate patients and health providers about chronic lung illness. It funds its activities through corporate sponsorship requests for its seminars. The Association provides administrative support through volunteers and receives no compensation in return.