

Financial Statements of

# **ONTARIO LUNG ASSOCIATION**

Years ended March 31, 2013 and 2012



**KPMG LLP**  
**Chartered Accountants**  
Yonge Corporate Centre  
4100 Yonge Street Suite 200  
Toronto ON M2P 2H3  
Canada

Telephone (416) 228-7000  
Fax (416) 228-7123  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Members of the Ontario Lung Association

### Report on Financial Statements

We have audited the accompanying financial statements of Ontario Lung Association, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted 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 from 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 our 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, we consider internal control 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.



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*Basis for Qualified Opinion*

In common with many charitable organizations, Ontario Lung Association derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Ontario Lung Association.

Therefore, we were not able to determine whether, as at March 31, 2013, March 31, 2012 and April 1, 2011 and for the years ended March 31, 2013 and March 31, 2012, any adjustments might be necessary to fundraising revenue, excess of revenue over expenses reported in the statements of operations, excess of revenue over expenses reported in the statements of cash flows and current assets and unrestricted net assets reported in the statements of financial position.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ontario Lung Association as at March 31, 2013, March 31, 2012 and April 1, 2011, and its results of 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 Ontario Corporations Act, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied, after giving retrospective effect to the change in accounting framework as explained in the notes to the financial statements, on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

June 28, 2013  
Toronto, Canada

# ONTARIO LUNG ASSOCIATION

## Statements of Financial Position

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

	March 31, 2013	March 31, 2012	April 1, 2011
<b>Assets</b>			
Current assets:			
Cash	\$ 1,235,590	\$ 1,196,595	\$ 1,530,963
Restricted cash (note 2)	81,704	48,554	55,359
Accounts receivable	317,325	267,893	237,892
Prepaid expenses and deposits	12,764	10,779	47,011
	<u>1,647,383</u>	<u>1,523,821</u>	<u>1,871,225</u>
Investments (note 3)	4,234,480	4,744,758	3,269,137
Capital assets (note 5)	3,922,820	3,455,278	1,279,352
	<u>\$ 9,804,683</u>	<u>\$ 9,723,857</u>	<u>\$ 6,419,714</u>

## Liabilities and Net Assets

### Current liabilities:

Accounts payable and accrued liabilities (note 6)	\$ 1,521,149	\$ 1,467,237	\$ 1,549,385
Current portion of due to the Canadian Lung Association (note 7)	57,144	57,144	57,144
Current portion of obligations under capital leases	—	—	8,435
Deferred contributions (note 8)	340,813	521,225	608,111
	<u>1,919,106</u>	<u>2,045,606</u>	<u>2,223,075</u>
Due to the Canadian Lung Association (note 7)	171,424	228,568	285,712
Net assets:			
Investment in capital assets (note 9)	3,922,820	3,455,278	1,270,917
Internally restricted (note 10)	56,236	83,726	124,781
Endowment (note 11)	279,239	279,239	279,239
Unrestricted	3,455,858	3,631,440	2,235,990
	<u>7,714,153</u>	<u>7,449,683</u>	<u>3,910,927</u>
Commitments (note 12)			
	<u>\$ 9,804,683</u>	<u>\$ 9,723,857</u>	<u>\$ 6,419,714</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ONTARIO LUNG ASSOCIATION

## Statements of Operations

Years ended March 31, 2013 and 2012

	2013	2012
Revenue:		
Grants (note 13)	\$ 3,289,061	\$ 4,070,485
Direct mail programs	2,409,425	2,604,193
Other fundraising events (note 16)	1,736,463	1,861,925
Bequests	1,571,675	1,740,208
Services and program fees	1,328,989	549,147
Memorials	481,169	457,948
Corporate, employee and other fundraising	913,306	387,969
Investment income, net	231,265	105,317
Other	124,425	56,510
	<u>12,085,778</u>	<u>11,833,702</u>
Expenses:		
Other fundraising events (note 16)	786,704	697,801
Provincial and community programs (Schedule):		
Services and programs	7,917,268	7,937,931
Research programs	1,703,144	1,591,530
Fundraising	758,447	715,987
Administration	296,631	282,699
National programs (note 15)	296,753	296,753
Reorganization	41,134	40,727
	<u>11,800,081</u>	<u>11,563,428</u>
Excess of revenue over expenses before the undernoted	285,697	270,274
Net proceeds of Relocation Project (note 5)	–	3,273,598
Unrealized loss on investments	(21,227)	(5,116)
Excess of revenue over expenses	<u>\$ 264,470</u>	<u>\$ 3,538,756</u>

See accompanying notes to financial statements.

# ONTARIO LUNG ASSOCIATION

## Statements of Changes in Net Assets

Years ended March 31, 2013 and 2012

2013	Investment in capital assets	Internally restricted	Endowment	Unrestricted	Total
Balance, beginning of year	\$ 3,455,278	\$ 83,726	\$ 279,239	\$ 3,631,440	\$ 7,449,683
Excess (deficiency) of revenue over expenses	(119,500)	–	–	383,970	264,470
Net change in investment in capital assets (note 9)	587,042	–	–	(587,042)	–
Interfund transfer, net (note 10)	–	(27,490)	–	27,490	–
<b>Balance, end of year</b>	<b>\$ 3,922,820</b>	<b>\$ 56,236</b>	<b>\$ 279,239</b>	<b>\$ 3,455,858</b>	<b>\$ 7,714,153</b>

2012	Investment in capital assets	Internally restricted	Endowment	Unrestricted	Total
Balance, beginning of year	\$ 1,270,917	\$ 124,781	\$ 279,239	\$ 2,235,990	\$ 3,910,927
Excess (deficiency) of revenue over expenses	(89,551)	–	–	3,628,307	3,538,756
Net change in investment in capital assets (note 9)	2,273,912	–	–	(2,273,912)	–
Interfund transfer, net (note 10)	–	(41,055)	–	41,055	–
<b>Balance, end of year</b>	<b>\$ 3,455,278</b>	<b>\$ 83,726</b>	<b>\$ 279,239</b>	<b>\$ 3,631,440</b>	<b>\$ 7,449,683</b>

See accompanying notes to financial statements.

# ONTARIO LUNG ASSOCIATION

## Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 264,470	\$ 3,538,756
Items not involving cash:		
Amortization of capital assets	119,500	89,551
Gain on sale of capital assets	—	(3,370,300)
Unrealized loss on investments	21,227	5,116
<u>Change in non-cash operating working capital</u>	<u>(177,917)</u>	<u>(162,803)</u>
	227,280	100,320
Financing activities:		
Repayment to Canadian Lung Association	(57,144)	(57,144)
Decrease in obligations under capital leases	—	(8,435)
	<u>(57,144)</u>	<u>(65,579)</u>
Investing activities:		
Proceeds from Relocation Project (note 5)	—	4,605,270
Acquisition of capital assets	(587,042)	(3,500,447)
<u>Sale (purchase) of investments (net)</u>	<u>489,051</u>	<u>(1,480,737)</u>
	<u>(97,991)</u>	<u>(375,914)</u>
Increase (decrease) in cash	72,145	(341,173)
Cash, beginning of year	1,245,149	1,586,322
<u>Cash, end of year</u>	<u>\$ 1,317,294</u>	<u>\$ 1,245,149</u>
Represented by:		
Cash	\$ 1,235,590	\$ 1,196,595
Restricted cash	81,704	48,554
	<u>\$ 1,317,294</u>	<u>\$ 1,245,149</u>

See accompanying notes to financial statements.

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

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Ontario Lung Association (the "OLA" or "Association") is incorporated under the Ontario Corporations Act by Letters Patent as a corporation without share capital. The OLA is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

The OLA is a province-wide association, operating out of a provincial office and several community offices. The purpose of the OLA is to improve lung health. Its vision is to be the recognized leader, voice and primary resource in lung health, to enable all people to breathe with ease.

On April 1, 2012, the Association adopted Canadian Accounting Standards for Not-For-Profit Associations in Part III of The Canadian Institute of Chartered Accountants' ("CICA") Handbook ("Not-For-Profit Standards"). These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Association has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

There were no adjustments to net assets as at April 1, 2011 or excess of revenue over expenses for the year ended March 31, 2012 as a result of the transition to Not-For-Profit Standards.

## **1. Significant accounting policies:**

These financial statements have been prepared in accordance with Not-For-Profit Standards:

### **(a) Revenue recognition:**

The Association follows the deferral method of accounting for contributions which include donations, bequests and government grants. Government grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. Contributions externally restricted, other than endowment contributions, are deferred and recognized as revenue in the year in which the related expenses are recognized.

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. No accruals are made for other monies pledged but not yet received.



# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## 1. Significant accounting policies (continued):

Endowment contributions are recognized as direct increases in endowment net assets.

Investment income is unrestricted and recognized as revenue when earned. Revenue from service and program fees are recognized when the services are provided or the goods are sold.

### (b) Capital assets:

Capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

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Building and building improvements	2.5%
Furniture, equipment and other	10%
Computer equipment and software	33%

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### (c) Volunteer services:

A substantial number of volunteers contribute a significant amount of time each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

### (d) Commitments:

Grants for research are awarded annually. The statements of operations reflect grants made during the current year.

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has elected to carry all its financial investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Use of estimates:

The preparation of the 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 dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## 1. Significant accounting policies (continued):

(g) Disclosure of allocated expenses:

The OLA is a registered charity that is involved in the following programs:

- Funding for medical research in respiratory health.
- Conducts educational seminars and workshops for health care professionals providing them with the most up-to-date information on lung-health issues.
- Provides advice and support to individuals with lung-health issues, their families and caregivers through toll-free help lines.
- Provides health education information about respiratory health to the general public through the distribution of printed material and through the website.
- Promotes the prevention of tobacco use especially among children and youth.
- Encourages the public to adopt a healthy lifestyle by quitting tobacco use.

The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. OLA also incurs general support expenses that are common to the administration of the Association and each of its program.

Some of the core and fundraising programs include the use of the same direct mail pieces to further the work of the OLA. The cost of these direct mail pieces are allocated on the following basis:

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Fundraising	35%
Service and programs	55%
Research programs	10%

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# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## 1. Significant accounting policies (continued):

The OLA allocates its general support expenses by identifying the appropriate basis of allocating each component expense, and applies this basis consistently each year. The general support expenses are allocated on the following basis:

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Services and programs	75%
Research programs	10%
Fundraising	8%
Administration	7%

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Refer to the Schedule of Expenses for expenses presented by object based on above noted allocations.

## 2. Restricted cash:

Restricted cash includes amounts held in bank accounts restricted to eligible expenditures to be made for community health education programs, services and research support.

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

## 3. Investments:

	March 31, 2013	March 31, 2012	April 1, 2011
Cash (overdraft)	\$ (17,735)	\$ 3,644	\$ (8,356)
Pooled funds:			
Renaissance high interest	–	54,033	484,517
Canadian equity	–	168,163	282,385
U.S. equity	–	103,348	167,125
International equity	–	101,747	165,928
Global equity	–	131,871	241,142
Emerging markets equity	–	39,469	59,392
Canadian fixed income	–	370,426	602,019
Dundee U.S. investment	–	–	74,806
Dynamic DMP resources	–	1,770	–
CIBC Alerian	115,555	–	–
U.S. other	101,393	–	–
	216,948	970,827	2,077,314
Common and preferred shares:			
Canadian common shares	2,497,445	1,636,110	53,360
U.S. common shares	418,718	421,169	101,087
Canadian preferred shares	52,400	–	–
U.S. preferred shares	22,851	–	–
	2,991,414	2,057,279	154,447
Fixed income:			
RBC non-redeemable guaranteed investment certificate	–	1,071,876	1,045,732
GIC:			
RBC Investment Savings	516,734	314,602	–
RBC U.S. Investment Savings	25,319	–	–
RBC debentures	501,800	326,530	–
	1,043,853	1,713,008	1,045,732
	\$ 4,234,480	\$ 4,744,758	\$ 3,269,137

The debentures are all at fixed rates and have a weighted average effective interest rate of 5.467% (2012 - 5.443%) and a weighted average term to maturity of 4.90 years (2012 - 5.12 years). It is the Association's policy to only invest in debt of counterparties with BBB investment ratings and higher.

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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### 3. Investments (continued):

The Association manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policies and Procedures approved by the Board of Directors. 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.

### 4. Financial risks:

#### (a) Interest rate risk:

The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Association is exposed to this type of risk as a result of investments in fixed income certificates and debentures. This risk is managed by staggering the terms of the securities held, and ensuring diversification of the holdings such that no single security, represents more than 5% of the fixed income component of the portfolio.

#### (b) Other price risk:

Other price risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Association to a risk of loss. The Association mitigates this risk through controls to monitor and limit concentration levels.

#### (c) Foreign currency risk:

The Association is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. As of March 31, 2013, 13% (March 31, 2012 - 8%; April 1, 2011 - 22%) of the securities are invested in non-Canadian equities, bonds and debentures. The Association does not hedge its foreign currency risk on these securities. The philosophy of the Association and its global investment management service provider is that since the portfolio is managed such that individual securities are held for the long term, and investments are held in multiple currencies, any foreign exchange risk should be minimized in the long term without the need for a hedging strategy to be implemented. There has been no change to the risk exposure from 2012.

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

## 4. Financial risks (continued):

Within the fixed income component of the portfolio, the Association's Statement of Investment Policies and Procedures allows investment managers to hold a limited amount of non-Canadian bonds.

## 5. Capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Building and building improvements	\$ 3,921,845	\$ 132,393	\$ 3,789,452
Furniture, equipment and other	139,252	20,888	118,364
Computer equipment and software	52,294	37,290	15,004
	<b>\$ 4,113,391</b>	<b>\$ 190,571</b>	<b>\$ 3,922,820</b>

March 31, 2012	Cost	Accumulated amortization	Net book value
Building and building improvements	\$ 3,334,803	\$ 41,685	\$ 3,293,118
Furniture, equipment and other	139,252	6,963	132,289
Computer equipment and software	52,294	22,423	29,871
	<b>\$ 3,526,349</b>	<b>\$ 71,071</b>	<b>\$ 3,455,278</b>

April 1, 2011	Cost	Accumulated amortization	Net book value
Land	\$ 373,850	\$ –	\$ 373,850
Building and building improvements	1,822,934	937,916	885,018
Furniture, equipment and other	142,608	138,579	4,029
Computer equipment and software	104,484	88,029	16,455
	<b>\$ 2,443,876</b>	<b>\$ 1,164,524</b>	<b>\$ 1,279,352</b>

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## 5. Capital assets (continued):

On September 1, 2011, land and building and leasehold improvements with net book values of \$373,850 and \$861,120, respectively, were sold for net proceeds of \$4,605,270, resulting in a gain on sale of \$3,370,300. The gain was recorded, net of moving expenses, as net proceeds of Relocation Project in the statement of operations, in the amount of \$3,273,598.

In December 2011, the Association purchased a building in the amount of \$3,334,803.

## 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2013 are government remittances payable of \$373 (2012 - \$3,687) which includes payroll related taxes.

## 7. Due to the Canadian Lung Association ("CLA"):

The amount due to the CLA is interest-free, payable in annual instalments of \$57,144 and due in February 2017.

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	March 31, 2013	March 31, 2012	April 1, 2011
Long-term debt due to the Canadian Lung Association	\$ 228,568	\$ 285,712	\$ 342,856
Less current portion	57,144	57,144	57,144
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	\$ 171,424	\$ 228,568	\$ 285,712

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# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

## 8. Deferred contributions:

	March 31, 2013	March 31, 2012	April 1, 2011
Docs on Ice	\$ 190,925	\$ –	\$ –
Tuberculosis conference	56,619	60,631	60,631
Top It Up Campaign	47,828	51,453	35,376
Other	35,401	79,868	77,200
Ontario Thoracic Society research	8,086	6,373	35,376
Ontario Respiratory Care Society Research	1,954	1,500	10,663
Patient First	–	321,400	180,000
Quit & Get Fit	–	–	208,865
	<u>\$ 340,813</u>	<u>\$ 521,225</u>	<u>\$ 608,111</u>

## 9. Investment in capital assets:

The investment in capital assets is calculated as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Capital assets	\$ 3,922,820	\$ 3,455,278	\$ 1,279,352
Less amounts financed by capital leases	–	–	8,435
	<u>\$ 3,922,820</u>	<u>\$ 3,455,278</u>	<u>\$ 1,270,917</u>

The change in investment in capital assets is calculated as follows:

	2013	2012
Deficiency of revenue over expenses:		
Amortization of capital assets	\$ (119,500)	\$ (89,551)
Net change in investment in capital assets:		
Capital assets acquired, net of disposals	\$ 587,042	\$ 2,265,477
Principal repayments related to obligations under capital leases	–	8,435
	<u>\$ 587,042</u>	<u>\$ 2,273,912</u>

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

## 10. Internally restricted net assets:

	March 31, 2013	March 31, 2012	April 1, 2011
Dr. C.C. Gray Fellowship Fund	\$ 56,236	\$ 83,726	\$ 112,401
Ross Reid Education and Development Fund	–	–	12,380
	<u>\$ 56,236</u>	<u>\$ 83,726</u>	<u>\$ 124,781</u>

The OLA's Board of Directors has an internally restricted fund called the Dr. C.C. Gray Fellowship Fund, to be used primarily for the support of residents in pulmonary medicine.

During the year, the Board of Directors approved to transfer net \$27,490 (2012 - \$41,055) from internally restricted net assets to unrestricted net assets.

## 11. Net assets restricted for endowment purposes:

Endowment contributions received on behalf of Arthur Malott are subject to externally imposed restrictions stipulating that the principal be maintained intact. Investment income from this endowment is to be used for the support of medical research and school programs.

## 12. Commitments:

The OLA is committed to minimum payments under operating leases for community office space and photocopiers as follows:

2014	\$ 166,000
2015	143,000
2016	101,000
2017	57,000
2018	24,000
	<u>\$ 491,000</u>

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## **12. Commitments (continued):**

In addition to these leases, the Association has agreed to indemnify the landlord against losses occurring on the leased premises which may arise out of a breach of the lease agreement.

The OLA has committed to spend approximately \$1,395,864 for research purposes in fiscal 2014, of which approximately \$217,536 will support National Research Programs.

## **13. Ministry of Health and Long-Term Care:**

Annually, the Ontario Ministry of Health and Long-term Care (the "Ministry") performs a reconciliation between the Association's allowable expenses and funds paid during the previous year.

Subsequent to year end, the Ministry finalized the 2011 reconciliation, identifying a clawback of \$209,000. Management is in the process of responding to the potential adjustment. Clawback amounts, if any, will be recorded if and when deducted by the Ministry.

## **14. Indemnification of officers and directors:**

The Association has indemnified its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgments and any amount that is reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted in good faith with a view to the best interest of the Association. The nature of the indemnity prevents the Association from reasonably estimating the maximum exposure. The Association has purchased directors' and officers' liability insurance with respect to this indemnification.

## **15. Related party transactions:**

The OLA is a member of the Canadian Lung Association (the "CLA"). The OLA contributes amounts to the CLA to support the activities administered by the CLA. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

# ONTARIO LUNG ASSOCIATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

## 15. Related party transactions (continued):

In fiscal 2013, the OLA recorded expenses in the amount of \$514,294 (2012 - \$514,294) to support the activities administered by the CLA. Of that amount, \$217,541 (2012 - \$217,541) was for research and \$296,753 (2012 - \$296,753) was for national programs.

The OLA is committed to contributing an amount of \$514,294 in fiscal 2014 to support the CLA. Of this amount, \$217,541 is for research and \$296,753 is for national programs.

## 16. Other fundraising events:

2013	Revenue	Expenses	Net
Other community events	\$ 418,545	\$ 242,773	\$ 175,772
Gaming/raffles	315,585	182,451	133,134
Employee funds	232,532	21,291	211,241
Dinners/Galas/Auctions	189,279	80,128	109,151
Tulip Days	179,444	106,020	73,424
Golf-related events	122,468	50,556	71,912
Gardening festivals	110,108	50,530	59,578
Festival of Trees	73,698	28,265	45,433
Biking events	43,829	9,601	34,228
Walks/runs	43,477	13,280	30,197
Pull for Kids	7,498	1,809	5,689
	<b>\$ 1,736,463</b>	<b>\$ 786,704</b>	<b>\$ 949,759</b>

2012	Revenue	Expenses	Net
Other community events	\$ 449,676	\$ 137,498	\$ 312,178
Gaming/raffles	329,220	209,672	119,548
Employee funds	256,515	11,941	244,574
Tulip Days	203,998	110,109	93,889
Dinners/Galas/Auctions	151,376	66,007	85,369
Golf-related events	150,097	39,456	110,641
Gardening festivals	112,222	49,271	62,951
Festival of Trees	68,471	44,911	23,560
Walks/runs	66,701	15,768	50,933
Biking events	60,724	11,892	48,832
Pull for Kids	12,925	1,276	11,649
	<b>\$ 1,861,925</b>	<b>\$ 697,801</b>	<b>\$ 1,164,124</b>

# ONTARIO LUNG ASSOCIATION

## Schedule of Expenses

Years ended March 31, 2013 and 2012

2013	Services and programs	Research programs	Fundraising	Administration	Total
Board and committee meetings	\$ 28,686	\$ 3,825	\$ 3,060	\$ 2,677	\$ 38,248
Housing	352,720	47,029	37,623	32,921	470,293
Amortization	89,625	11,950	9,560	8,365	119,500
Direct mail program	652,722	118,677	415,368	–	1,186,767
Donor fulfilment centre	6,398	1,163	4,071	–	11,632
Community services and programs	4,079,958	–	–	–	4,079,958
Professional fees	21,165	2,822	2,258	1,975	28,220
General and office	227,486	30,331	24,265	21,232	303,314
Postage	36,550	4,874	3,899	3,411	48,734
Staff travel and development	78,587	10,478	8,383	7,335	104,783
Salaries and employee benefits	2,315,821	308,776	247,021	216,144	3,087,762
Provincial blanket insurance	27,550	3,673	2,939	2,571	36,733
Research grants and awards	–	1,159,546	–	–	1,159,546
	<b>\$ 7,917,268</b>	<b>\$ 1,703,144</b>	<b>\$ 758,447</b>	<b>\$ 296,631</b>	<b>\$ 10,675,490</b>

2012	Services and programs	Research programs	Fundraising	Administration	Total
Board and committee meetings	\$ 24,153	\$ 3,221	\$ 2,576	\$ 2,254	\$ 32,204
Housing	319,816	42,642	34,114	29,850	426,422
Amortization	67,163	8,955	7,164	6,269	89,551
Direct mail program	617,419	112,258	392,903	–	1,122,580
Community services and programs	4,291,595	–	–	–	4,291,595
Professional fees	26,557	3,541	2,833	2,479	35,410
General and office	216,080	28,811	23,048	20,167	288,106
Postage	34,504	4,600	3,680	3,220	46,004
Staff travel and development	84,122	11,216	8,973	7,851	112,162
Salaries and employee benefits	2,215,743	295,432	236,346	206,803	2,954,324
Provincial blanket insurance	40,779	5,437	4,350	3,806	54,372
Research grants and awards	–	1,075,417	–	–	1,075,417
	<b>\$ 7,937,931</b>	<b>\$ 1,591,530</b>	<b>\$ 715,987</b>	<b>\$ 282,699</b>	<b>\$ 10,528,147</b>