

# **Lung Saskatchewan Inc.**

**Financial Statements  
December 31, 2025**



Tel: (306) 668-5900  
Fax: (306) 652-1315  
www.bdo.ca

BDO Canada LLP  
123 2<sup>nd</sup> Avenue South, Suite 1000  
Saskatoon, Saskatchewan  
S7K 7E6

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## Independent Auditor's Report

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To the Board of Directors of Lung Saskatchewan Inc.

### Opinion

We have audited the financial statements of Lung Saskatchewan Inc. (the Organization), which comprise the statement of financial position as at December 31, 2025, and the statements of changes in net assets, operations, 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, 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 Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue from raffles and development and campaigns, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

*BDO Canada LLP*

Chartered Professional Accountants

Saskatoon, Saskatchewan  
June 17, 2026

**Lung Saskatchewan Inc.**  
**Statement of Financial Position**  
**As at December 31, 2025**

	2025 \$	2024 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	293,039	332,140
Accounts receivable	190,086	167,287
Prepaid expenses	16,229	16,103
	<u>499,354</u>	<u>515,530</u>
<b>Non-current assets</b>		
Investments (note 3)	1,737,425	1,682,261
Tangible capital assets (note 4)	59,879	52,805
Other assets	8,000	8,000
	<u>1,805,304</u>	<u>1,743,066</u>
	<u>2,304,658</u>	<u>2,258,596</u>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Trade accounts payable	77,427	116,143
Accrued salaries and vacation pay	37,493	33,941
Government remittances payable	7,870	10,359
	<u>122,790</u>	<u>160,443</u>
<b>Deferred revenue (note 5)</b>	<u>83,888</u>	<u>43,584</u>
	<u>206,678</u>	<u>204,027</u>
<b>Net assets</b>		
Unrestricted net assets	2,038,101	2,001,764
Invested in tangible capital assets	59,879	52,805
	<u>2,097,980</u>	<u>2,054,569</u>
	<u>2,304,658</u>	<u>2,258,596</u>

**Commitments (note 9)**

**Approved by the Board of Directors**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## Lung Saskatchewan Inc.

### Statement of Changes in Net Assets

For the year ended December 31, 2025

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			2025	2024
	Unrestricted \$	Invested in tangible capital assets \$	Total \$	Total \$
<b>Balance - Beginning of year</b>	2,001,764	52,805	2,054,569	1,777,942
Excess of revenue over expenses	43,411	-	43,411	276,627
Amortization of tangible capital assets	10,583	(10,583)	-	-
Purchase of tangible capital assets	(17,657)	17,657	-	-
<b>Balance - End of year</b>	<b>2,038,101</b>	<b>59,879</b>	<b>2,097,980</b>	<b>2,054,569</b>

The accompanying notes are an integral part of these financial statements.

# Lung Saskatchewan Inc.

## Statement of Operations

For the year ended December 31, 2025

	2025 \$	2024 \$
<b>Revenue</b>		
Raffles	993,705	1,034,405
Lung Foundation of Saskatchewan Inc. (note 7)	550,000	550,000
Health education programs	440,856	410,261
Development and campaigns	331,641	340,527
Health promotion programs	288,728	473,355
Contracts	138,642	135,732
Grants and subsidies	62,987	51,494
Bequests	31,271	200,437
Other income (note 7)	26,486	37,467
	<u>2,864,316</u>	<u>3,233,678</u>
<b>Expenses (note 8)</b>		
Programs		
Health education - professional (notes 7 and 9)	811,642	751,342
Health promotion - general public	685,620	906,286
Development and campaigns	457,061	463,564
Raffles	438,334	444,627
Operations and building (note 9)	429,734	372,567
Contracted services	110,816	106,692
Research and grants (note 9)	53,499	100,000
	<u>2,986,706</u>	<u>3,145,078</u>
<b>Excess (deficiency) of revenue over expenses before investment income</b>	(122,390)	88,600
Investment income (note 3)	165,801	188,027
<b>Excess of revenue over expenses</b>	<u>43,411</u>	<u>276,627</u>

The accompanying notes are an integral part of these financial statements.

# Lung Saskatchewan Inc.

## Statement of Cash Flows

For the year ended December 31, 2025

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	2025 \$	2024 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	43,411	276,627
Item not affecting cash		
Change in fair value of investments (note 3)	38,760	(42,059)
Write-off of tangible capital assets	-	1,405
Amortization of tangible capital assets	10,583	10,216
Gain on sale of tangible capital assets	-	(457)
	<u>92,754</u>	<u>245,732</u>
Net change in non-cash working capital items (note 6)	<u>(20,274)</u>	<u>(43,027)</u>
	<u>72,480</u>	<u>202,705</u>
<b>Investing activities</b>		
Purchase of tangible capital assets	(17,657)	(5,486)
Purchases of investments, net	(93,924)	(39,662)
	<u>(111,581)</u>	<u>(45,148)</u>
<b>Net change in cash during the year</b>	(39,101)	157,557
<b>Cash - Beginning of year</b>	<u>332,140</u>	<u>174,583</u>
<b>Cash - End of year</b>	<u>293,039</u>	<u>332,140</u>

The accompanying notes are an integral part of these financial statements.

## **1 Purpose of the Organization**

Lung Saskatchewan Inc. (the Organization) promotes the improvement of respiratory health, the prevention of lung disease, and the improvement of care and treatment of victims of respiratory diseases in Saskatchewan through education, support programs and funding of research. The Organization was incorporated under the provisions of the Non-Profit Corporations Act (Saskatchewan) on May 28, 2002 and became operational on September 1, 2002.

The Organization has been granted non-profit status by the Non-Profit Corporations Act of the Province of Saskatchewan and charitable status by Canada Revenue Agency and is therefore not taxable under the Income Tax Act (Canada).

## **2 Significant accounting policies**

### **Basis of presentation**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collectability is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Investment income earned on restricted and unrestricted investments is recorded as earned. The Organization receives and raises funds through different donor directed fundraising campaigns for various restricted projects.

### **Tangible capital assets**

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Contributed tangible capital assets are subsequently amortized. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

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Amortization is calculated using the following annual rates and methods and is designated to amortize the assets over their estimated useful lives:

Leasehold improvements	10 years straight-line
Technology and software	3 to 5 years straight-line
Equipment and vehicles	3 to 10 years straight-line

Amortization expense is reported within Invested in tangible capital assets.

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.

**Donated materials and services**

Volunteers contribute their time in assisting the Organization in carrying out its fundraising and service delivery activities. Due to the difficulty in determining the fair value, contributed services are not recognized in the financial statements. Donations in-kind of goods that would normally be purchased by the Organization are recorded at fair value.

**Allocation of expenses**

Expenses that can be directly identified with programming activities are charged accordingly. Certain research, development and operational expenses have been allocated to program activities based on management's best determination of where they were incurred.

**Financial instruments**

Arm's length financial instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in the statement of operations. Any 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 any reversal is recognized in the statement of operations.

**Lung Saskatchewan Inc.**  
**Notes to Financial Statements**  
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**Use of estimates and measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

On an ongoing basis, the Organization evaluates its estimates, including those related to the useful life of tangible capital assets. The Organization bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

**3 Investments and investment income**

The Organization holds its investments in a pooled investment fund, with a fair value of \$1,737,425 as at December 31, 2025 (2024 - \$1,682,261) and a book value as at December 31, 2025 of \$1,952,102 (2024 - \$1,863,916). Investment income is comprised of the following:

	2025 \$	2024 \$
Dividend and interest income	204,561	145,968
Change in fair value of investments	(38,760)	42,059
	165,801	188,027

**4 Tangible capital assets**

	2025		2024	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Leasehold improvements	48,658	20,965	27,693	32,558
Technology and software	70,775	54,136	16,639	1,821
Equipment and vehicles	35,095	19,548	15,547	18,426
	154,528	94,649	59,879	52,805

During the year ended December 31, 2025, the Organization wrote off fully depreciated tangible capital assets with a cost and accumulated amortization balance of nil (2024 - \$1,405).

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**5 Deferred revenue**

	2025 \$	2024 \$
Externally restricted grants and donations	48,830	5,250
Contracts, fees, and sponsorships	32,308	35,584
RESPTrec education courses	2,750	2,750
	<u>83,888</u>	<u>43,584</u>

**6 Net change in non-cash working capital items**

	2025 \$	2024 \$
Accounts receivable	(22,799)	(2,523)
Prepaid expenses	(126)	(2,536)
Trade accounts payable	(38,716)	28,092
Government remittances payable	(2,489)	4,816
Accrued salaries and vacation pay	3,552	(433)
Deferred revenue	40,304	(70,443)
	<u>(20,274)</u>	<u>(43,027)</u>

**7 Related party transactions**

The related party transactions and balances described below are measured at carrying amounts.

- a) The Lung Foundation of Saskatchewan Inc. is a separate not-for-profit legal entity with Board members in common with the Organization, the primary purpose of which is to receive and maintain funds and to apply the funds to charitable organizations engaged in respiratory health. The following transactions occurred between the Organization and The Lung Foundation of Saskatchewan Inc.:

	2025 \$	2024 \$
Operating grants received, included in grants	550,000	550,000
Administration funds received, included in other income	25,000	25,000

Also, during the year ended December 31, 2025, Lung Saskatchewan Inc. facilitated the payment of \$250,000 from the Lung Foundation of Saskatchewan Inc. to Alberta Lung. As the agreement underlying the transaction is between the Lung Foundation of Saskatchewan Inc. and Alberta Lung, and Lung Saskatchewan Inc. facilitated the transfer of funds, the amount is not reflected in either the revenue or expenses of Lung Saskatchewan.

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**8 Expenses by type**

	2025 \$	2024 \$
Remuneration and benefits - programs	1,076,723	1,163,836
Remuneration and benefits - head office	670,803	606,886
Prizes	284,112	275,015
Materials and supplies - programs	123,999	176,323
Advertising and marketing	115,129	140,393
Lease (note 9)	101,982	60,052
Couriers and postage - programs	86,028	86,348
General and administration	79,304	67,563
Professional services and contracts	65,321	116,883
Research grants (note 9)	53,499	100,000
Course facilitator fees	51,300	44,140
Materials and supplies - operations	43,823	50,689
Bank charges and fees	42,541	43,128
Speaker fees and honorariums	36,356	42,700
Couriers and postage - operations	34,039	35,720
Financial assistance	21,435	21,942
Utilities	21,032	22,066
Travel	20,421	23,428
Office supplies	17,243	14,786
Staff development	13,159	21,740
Amortization	10,583	10,216
Insurance	9,112	9,083
Website and software licences	8,763	12,141
	<u>2,986,706</u>	<u>3,145,078</u>

## 9 Commitments

### Lease agreement

The Organization has entered into a 10-year lease agreement with a term from September 1, 2020, through September 30, 2030. Commencing on January 15, 2022, the Organization amended the lease agreement to have increased space. There is a commitment to pay \$4,633 per month, plus GST and applicable occupancy costs, from January 15, 2022 to September 30, 2025. Thereafter, there is a commitment to pay \$5,178 per month, plus GST and applicable occupancy costs, over the remaining term of the lease.

As at December 31, 2025, approximate minimum lease payments per annum under the operating lease for rental of the premises over the next 5 fiscal years is as follows:

2026	\$ 115,245
2027	115,245
2028	115,245
2029	115,245
2030	86,434

### Research grant

The Organization has entered into a partnership with Saskatchewan Health Research Foundation (SHRF) to co-fund research grants over a 5-year period commencing in 2024. The Organization intends to contribute approximately \$100,000 annually, subject to the availability of funds. In addition, the Organization will reimburse SHRF for administration costs equal to 5% of its contributions.

### Breathing Space

The Lung Foundation of Saskatchewan Inc. (note 7) has entered into an agreement with Alberta Lung to gift a total amount of \$500,000 to support its Breathing Space campaign. The gift will be paid over two payments with an initial payment of \$250,000 during the year ended December 31, 2025 and a final payment of \$250,000 on or before June 1, 2026. Lung Saskatchewan Inc. administers the payment of the funds (note 7).

## 10 Financial instruments

### 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 Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument default on their obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization's financial instruments are exposed to concentration of credit risk relating

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primarily to its account receivable. The majority of the Organization's receivables are from Saskatchewan Liquor and Gaming Association and the Organizations works to ensure it meets all eligibility criteria in order to qualify to receive the grant proceeds. The Organization is also exposed to credit risk arising from its investments being held in a pooled fund.

**Liquidity risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued salaries and vacation pay. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and strategic plan to ensure it has sufficient funds to fulfill its obligations.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its floating interest rate financial instruments. Floating rate instruments subject the Organization to a cash flow risk.

The Organization's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

The Organization is exposed to changes in interest rates related to its investments in marketable securities. The Organization's primary objective is to ensure the security of principal amounts invested and provide a high degree of liquidity, while achieving a satisfactory return. The risk is that the fair value of the pooled fund will fluctuate because of changes in the market.