

# **Canadian Allergy, Asthma and Immunology Foundation**

**(La fondation canadienne d'allergie,  
d'asthme et d'immunologie)**



## **Financial Statements**

**For the year ended December 31, 2022**



**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Financial Statements**  
For the year ended December 31, 2022

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## Independent Auditor's Report

**To the Members of  
Canadian Allergy, Asthma and Immunology Foundation  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)**

### Qualified Opinion

We have audited the financial statements of Canadian Allergy, Asthma and Immunology Foundation (La fondation canadienne d'allergie, d'asthme et d'immunologie), which comprise the statement of financial position as at December 31, 2022, 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 effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Canadian Allergy, Asthma and Immunology Foundation as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

### Basis for Qualified Opinion

In common with charitable organizations, the Foundation reports revenues from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. The audit opinion on the financial statements for the year ended December 31, 2021 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to these revenues and excess of revenue over expenses for the years ended December 31, 2022 and 2021, assets as at December 31, 2022 and 2021, and net assets at both the beginning and end of the December 31, 2022 and 2021 years.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the management'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:

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 management'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 management'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 management to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
June 8, 2023  
Ottawa, Ontario

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**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Statement of Financial Position**

**December 31** **2022** **2021**

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**Assets**

**Current**

|                     |    |                |    |         |
|---------------------|----|----------------|----|---------|
| Cash (Note 2)       | \$ | <b>283,533</b> | \$ | 365,853 |
| Accounts receivable |    | <b>21,572</b>  |    | 16,353  |

|  |  |                |  |         |
|--|--|----------------|--|---------|
|  |  | <b>305,105</b> |  | 382,206 |
|--|--|----------------|--|---------|

|                             |  |                |  |         |
|-----------------------------|--|----------------|--|---------|
| <b>Investments (Note 3)</b> |  | <b>953,746</b> |  | 787,351 |
|-----------------------------|--|----------------|--|---------|

|  |    |                  |    |           |
|--|----|------------------|----|-----------|
|  | \$ | <b>1,258,851</b> | \$ | 1,169,557 |
|--|----|------------------|----|-----------|

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**Liabilities and Net Assets**

**Current**

|  |    |              |    |        |
|--|----|--------------|----|--------|
| Accounts payable and accrued liabilities | \$ | <b>5,186</b> | \$ | 39,262 |
|--|----|--------------|----|--------|

|  |  |                |  |         |
|--|--|----------------|--|---------|
| <b>Deferred contributions (Note 4)</b> |  | <b>190,914</b> |  | 153,259 |
|--|--|----------------|--|---------|

|  |  |                |  |         |
|--|--|----------------|--|---------|
|  |  | <b>196,100</b> |  | 192,521 |
|--|--|----------------|--|---------|

|                   |  |                  |  |         |
|-------------------|--|------------------|--|---------|
| <b>Net assets</b> |  | <b>1,062,751</b> |  | 977,036 |
|-------------------|--|------------------|--|---------|

|  |    |                  |    |           |
|--|----|------------------|----|-----------|
|  | \$ | <b>1,258,851</b> | \$ | 1,169,557 |
|--|----|------------------|----|-----------|

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Approved on behalf of the board:

\_\_\_\_\_ President

\_\_\_\_\_ Secretary-Treasurer

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**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Statement of Changes in Net Assets**

| <b>For the year ended December 31</b>                      | <b>2022</b>         | <b>2021</b>       |
|--|---------------------|-------------------|
| <b>Net assets, beginning of year, as previously stated</b> | <b>\$ 1,007,284</b> | <b>\$ 620,188</b> |
| <b>Prior period adjustment</b>                             | <b>(30,248)</b>     | <b>-</b>          |
| <b>Net assets, beginning of year, as restated</b>          | <b>977,036</b>      | <b>620,188</b>    |
| <b>Excess of revenues over expenditures for the year</b>   | <b>85,715</b>       | <b>356,848</b>    |
| <b>Net assets, end of year</b>                             | <b>\$ 1,062,751</b> | <b>\$ 977,036</b> |

**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Statement of Operations**

| <b>For the year ended December 31</b>                              | <b>2022</b>      | <b>2021</b>       |
|--|------------------|-------------------|
| <b>Revenues</b>  |                  |                   |
| Grants and contributions   | \$ 314,935       | \$ 365,786        |
| Donations  | 176,512          | 331,152           |
| Gala dinner and online auction proceeds                            | 28,967           | 7,625             |
| Schroeder event  | -                | 47,271            |
| Gala dinner sponsorship  | 90,547           | 97,500            |
| Investment income (loss)   | 26,611           | (347)             |
| Unrealized loss on investments                                     | (63,736)         | -                 |
|  | <b>573,836</b>   | <b>848,987</b>    |
| <b>Expenditures</b>  |                  |                   |
| Bank charges and credit card discounts                             | 902              | 733               |
| CAAIF run/walk   | 579              | -                 |
| Committees and meetings  | 1,375            | 259               |
| Fundraising  | 61,151           | 41,168            |
| Grant management   | 1,389            | 1,277             |
| Insurance  | 2,848            | 2,840             |
| Management salary  | 50,226           | 48,903            |
| Marketing  | 2,051            | 1,234             |
| Miscellaneous  | 2,314            | 2,420             |
| Postage and office   | 1,650            | 1,244             |
| Professional fees  | 7,063            | 6,756             |
| Research awards  | 354,074          | 395,000           |
| Travel   | 2,454            | -                 |
| Website  | 45               | 305               |
|  | <b>488,121</b>   | <b>502,139</b>    |
| <b>Excess of revenues over expenditures before undernoted item</b> | <b>85,715</b>    | <b>346,848</b>    |
| <b>CEBA loan forgiveness</b>                                       | <b>-</b>         | <b>10,000</b>     |
| <b>Excess of revenues over expenditures for the year</b>           | <b>\$ 85,715</b> | <b>\$ 356,848</b> |

**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Statement of Cash Flows**

| <b>For the year ended December 31</b>                 | <b>2022</b>       | <b>2021</b>       |
|---|-------------------|-------------------|
| <b>Cash flows from (used in) operating activities</b> |                   |                   |
| Excess of revenues over expenditures for the year     | \$ 85,715         | \$ 356,848        |
| Adjustments for non-cash items                        |                   |                   |
| Unrealized loss on investments                        | 63,736            | 775               |
| CEBA loan forgiveness                                 | -                 | (10,000)          |
| Investment contribution                               | -                 | (2,242)           |
| Donated securities                                    | (6,137)           | -                 |
|   | <b>143,314</b>    | <b>345,381</b>    |
| Change in non-cash working capital items              |                   |                   |
| Accounts receivable                                   | (8,906)           | (8,854)           |
| Accounts payable and accrued liabilities              | (30,388)          | 30,319            |
| Deferred contributions                                | 37,655            | (214,121)         |
|   | <b>141,675</b>    | <b>152,725</b>    |
| <b>Cash flows from (used in) investing activity</b>   |                   |                   |
| Purchase of investments                               | (223,995)         | (75,000)          |
| <b>Cash flows from (used in) financing activities</b> |                   |                   |
| CEBA loan proceeds                                    | -                 | 20,000            |
| CEBA loan repayment                                   | -                 | (10,000)          |
|   | -                 | 10,000            |
| <b>Increase (decrease) in cash during the year</b>    | <b>(82,320)</b>   | <b>87,725</b>     |
| <b>Cash, beginning of year</b>                        | <b>365,853</b>    | <b>278,128</b>    |
| <b>Cash, end of year</b>                              | <b>\$ 283,533</b> | <b>\$ 365,853</b> |



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# Canadian Allergy, Asthma and Immunology Foundation

(La fondation canadienne d'allergie, d'asthme et d'immunologie)

## Notes to the Financial Statements

December 31, 2022

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### 1. Significant Accounting Policies

**Nature of Foundation** The Canadian Allergy, Asthma and Immunology Foundation / La fondation canadienne d'allergie, d'asthme et d'immunologie is a not-for-profit foundation incorporated without share capital under the laws of Canada. The Foundation's purpose is to support research into the causes and treatment of immunology and allergy diseases. The Foundation also supports the training of professionals in this medical specialty and the professional education in allergy and clinical immunology.

The Foundation is a registered charity under the laws of Canada and, as such, is exempt from income taxes and may issue tax receipts to donors.

**Basis of Presentation** These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which is a part of Canadian generally accepted accounting principles and include the following significant accounting policies.

**Use of Estimates** The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Significant estimates include assumptions used in provisions for accrued liabilities and certain accounts payable and provision for bad debt.

**Financial Instruments** Measurement of arm's length financial instruments

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

The Foundation initially measures its arm's length financial assets and liabilities at fair value. The Foundation subsequently measures all its arm's length 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 excess of revenue over expenses.

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**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Notes to the Financial Statements**

**December 31, 2022**

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**1. Significant Accounting Policies (continued)**

**Financial Instruments  
(continued)**

*Measurement of arm's length financial instruments (continued)*

Arm's length financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities.

Arm's length financial assets held in investments are measured at fair value.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in excess of revenue over expenses. 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 excess of revenue over expenses.

*Transaction costs*

The Foundation recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, arm's length 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.

**Contributed Materials  
and Services**

Contributed materials and services which are used in the normal course of the Foundation's operations and would otherwise have been purchased are not recorded.

**Government Assistance**

The Foundation periodically applies for financial assistance under available government incentive programs. The Foundation recognizes these incentives when there is reasonable assurance that the Foundation has complied with the conditions for receipt of such assistance.

**Revenue Recognition**

The Foundation follows the deferral method of accounting for contributions.

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

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**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Notes to the Financial Statements**

**December 31, 2022**

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**1. Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

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.

Investment income is recognized as revenue when earned.

Sponsorship and fundraising revenues are recognized annually in the year the event occurs.

**Research Awards**

Research grants are recognized upon approved by the board in the respective fiscal year designated by the board. Any research funds that are unused and returned to the organization are recognized as a reduction to research award expenditures in the year they are returned.

**2. Cash**

Cash is composed of a chequing account that earns nominal interest.

**3. Investments**

|               | <b>2022</b>       | <b>2021</b> |
|---------------|-------------------|-------------|
| Mutual funds  | <b>\$ 947,609</b> | \$ 785,109  |
| Equity shares | <b>6,137</b>      | 2,242       |
|               | <b>\$ 953,746</b> | \$ 787,351  |

The Foundation's mutual funds include 51% (2021 - 50%) investment in foreign bonds and equities. The remaining investments are held primarily in cash and cash equivalents and domestic bonds. These investments have a cost basis of \$1,009,084 (2021 - \$785,210) and are in accordance with the Foundation's investment policy statement, which mandates low to medium growth returns with a primary focus on the preservation of capital.

**4. Deferred Contributions**

Deferred contributions represent funds received from various sources to be used for administration expenses and research awards to be granted in subsequent years. The variations in the balance of deferred contributions are as follows:

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**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Notes to the Financial Statements**

**December 31, 2022**

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**4. Deferred Contributions (continued)**

|   | Balance,<br>beginning<br>of year | Received          | Recognized          | Balance,<br>end of year |
|---|----------------------------------|-------------------|---------------------|-------------------------|
| Research and Fellowship<br>Contribution | \$ 95,000                        | \$ 344,000        | \$ (309,000)        | \$ 130,000              |
| Sara Pocaluyko Memorial<br>Fund         | 12,000                           | 1,300             | -                   | 13,300                  |
| VUHA Memorial Fund                      | 46,259                           | 7,290             | (5,935)             | 47,614                  |
|   | <u>\$ 153,259</u>                | <u>\$ 352,590</u> | <u>\$ (314,935)</u> | <u>\$ 190,914</u>       |

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**5. Financial Instruments**

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations as at December 31, 2022.

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: interest rate risk, currency risk and other price risk. The Foundation is mainly exposed to interest rate risk and currency risk as a result of its investments in mutual funds which include foreign and domestic bonds.

Interest risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. <Disclose company's exposure to 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 Foundation is exposed to foreign exchange fluctuations on its investment in foreign mutual funds.

Changes in risks

The Foundation manages its exposure to interest rate risk through floating rate borrowings. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

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**Canadian Allergy, Asthma and Immunology Foundation**  
(La fondation canadienne d'allergie, d'asthme et d'immunologie)  
**Notes to the Financial Statements**

**December 31, 2022**

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**6. Prior Period Adjustment**

During the year, it was discovered that 2021 grants and contribution revenues were overstated and deferred contributions were understated by \$30,248. As a result, a prior period adjustment has been made to correct the revenue recognition error. The corresponding amounts have been restated to reflect these adjustments: the 2021 deferred contributions balance has been increased by \$30,248, and the 2021 grants and contributions revenue has been decreased by \$30,248.

As a result of correcting these misstatements, excess of revenues over expenditures for 2021 has decreased by \$30,248 and net assets as of January 1, 2022 has been restated to reflect these corrections. No other accounts were impacted by this adjustment.

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**7. Comparative Amounts**

Certain amounts in the 2021 financial statements have been reclassified to conform with the basis of presentation used in 2022.

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