



Financial Statements

For the year ended December 31, 2025

Canadian Thoracic Society
Financial Statements
For the year ended December 31, 2025

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Baker Tilly Ottawa LLP
Chartered Professional Accountants
400-301 Moodie Drive
Ottawa, ON
Canada K2H 9C4

T: +1 613.820.8010
F: +1 613.820.0465

ottawa@bakertilly.ca
www.bakertilly.ca

Independent Auditor's Report

To the Members of Canadian Thoracic Society

Opinion

We have audited the financial statements of Canadian Thoracic Society (the "society"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the society as at December 31, 2025, 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 Opinion

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 society 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 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 society'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 society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the society'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 will 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 society'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 society'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 society 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
April 16, 2026
Ottawa, Ontario

Canadian Thoracic Society Statement of Financial Position

December 31	2025	2024
Assets		
Current		
Cash (Note 2)	\$ 276,671	\$ 369,063
Short-term investment (Note 3)	100,000	-
Accounts receivable	130,641	75,453
Government remittances recoverable	23,249	-
Prepaid expenses and deposits	123,587	211,923
	654,148	656,439
Investments (Note 4)	546,779	333,396
Tangible capital assets (Note 5)	7,083	-
	\$ 1,208,010	\$ 989,835

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 6)	\$ 145,637	\$ 92,013
Government remittances payable	4,521	19,326
Deferred contributions (Note 7)	145,772	178,000
Deferred revenue (Note 8)	116,530	85,737
	412,460	375,076
Net assets		
Internally restricted journal fund	44,860	44,860
Unrestricted	750,690	569,899
	795,550	614,759
	\$ 1,208,010	\$ 989,835

Approved on behalf of the board:



Martin Kolb, MD PhD
Treasurer, CTS Board of Directors

Canadian Thoracic Society Statement of Operations and Changes in Net Assets

For the year ended December 31	2025	2024
Revenues		
Sponsorship	\$ 282,000	\$ 307,000
Canadian Respiratory Conference (Note 9)	1,158,207	1,084,413
Education programs	314,617	237,355
Memberships	214,838	212,123
Journal and publications	99,717	46,087
Licensing	87,912	90,023
Accreditation	16,500	7,500
Grants	11,150	11,450
Editor-in-chief stipend	15,000	15,000
Other	11,916	19,112
	2,211,857	2,030,063
Expenditures		
Advertising and promotion	45,540	66,271
Amortization of tangible capital assets	1,873	2,090
Canadian Respiratory Conference (Note 9)	865,660	831,028
Consultants and contractors	295,042	283,299
Investment management fees	6,339	-
Meeting and travel	75,697	64,453
Office and operating expenses	230,733	205,344
Professional fees	21,725	23,661
Salaries and benefits	530,440	478,575
	2,073,049	1,954,721
Excess of revenues over expenditures before undernoted items	138,808	75,342
Other income (expense)		
Investment income	9,689	4,905
Loss on foreign exchange	(146)	(475)
Gain on sale of investments	6,351	-
Unrealized gain on investments	26,089	49,483
	41,983	53,913
Excess of revenues over expenditures for the year	180,791	129,255
Net assets, beginning of year	614,759	485,504
Net assets, end of year	\$ 795,550	\$ 614,759

Canadian Thoracic Society Statement of Cash Flows

For the year ended December 31

2025

2024

Cash flows from operating activities

Excess of revenues over expenditures for the year	\$ 180,791	\$ 129,255
Adjustments for non-cash items		
Amortization of tangible capital assets	1,873	2,090
Gain on sale of investments	(6,351)	-
Unrealized gain on investments	(26,089)	(49,483)
Reinvested distributions on investments	(942)	(2,697)
	149,282	79,165

Change in non-cash working capital items

Accounts receivable	(55,188)	(6,411)
Government remittances recoverable	(23,249)	26,413
Prepaid expenses and deposits	88,336	(93,209)
Accounts payable and accrued liabilities	53,623	25,269
Government remittances payable	(14,805)	19,326
Deferred contributions	(32,228)	(14,780)
Deferred revenue	30,793	(71,484)
	196,564	(35,711)

Cash flows from investing activity

Redemption of short-term investment	-	50,000
Purchase of short-term investment	(100,000)	-
Purchase of long-term investment	(180,000)	-
Purchase of tangible capital assets	(8,956)	-
	(288,956)	50,000

Increase (decrease) in cash during the year

(92,392) 14,289

Cash, beginning of year

369,063 354,774

Cash, end of year

\$ 276,671 \$ 369,063

Canadian Thoracic Society

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies

Nature and Purpose of Organization	The Canadian Thoracic Society (the "society") was incorporated on August 5, 2015 under the Canada Not-for-profit Corporations Act, without share capital and was formed to enhance the ability of lung health professionals through leadership, collaboration, learning and advocacy, research and providing the best respiratory practices in Canada.
Basis of Presentation	The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO) which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.
Use of Estimates	<p>The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.</p> <p>Significant estimates include assumptions used in estimating the measurement and collectibility of accounts receivable and in estimating provisions for accrued liabilities.</p>
Financial Instruments	<p>Financial instruments are financial assets or liabilities of the society where, in general, the society has the right to receive cash or another financial asset from another party or the society has the obligation to pay another party cash or other financial assets.</p> <p><u>Measurement of arm's length financial instruments</u></p> <p>The society initially measures its arm's length financial assets and liabilities at fair value.</p> <p>The society subsequently measures 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.</p> <p>Arm's length financial assets and financial liabilities measured at amortized cost include cash, investments in guaranteed investment certificates, accounts receivable, and accounts payable and accrued liabilities. Investments in traded equity and security holdings are measured at fair value based on quoted market prices.</p>

Canadian Thoracic Society Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

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 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 the original cost. The amount of the reversal is recognized in operations.

Transaction costs

The society recognizes its transaction costs in operations in the period incurred. However, 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.

Tangible Capital Assets

Tangible capital assets consist of computer equipment used by employees to carry out the society's goals. Tangible capital assets are recorded at cost. The society provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible assets over their estimated useful lives. The annual amortization rate is as follows:

Computer equipment	3 years
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Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

Internally Restricted Net Assets

A portion of the society's net assets has been internally restricted in accordance with specific directives as approved by the society's board of directors. The purpose of the fund is as follows:

Internally Restricted Journal Fund

The purpose of this fund is to restrict the use of the editor-in-chief stipend received in the past to support the role of the editor-in-chief.

Canadian Thoracic Society

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Revenue Recognition

The society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable and when the amount to be received can be reasonably estimated and collection is reasonably assured.

Sponsorships are included in revenue in the periods to which the underlying sponsored event occurs. Sponsorships received in advance for events occurring in future periods are reflected as deferred contributions.

Conference, education programs and accreditation revenues are recognized in the period when the conference, program or accreditation occurs.

Memberships are recognized evenly over the duration of the membership period. Deferred revenue includes amounts received for memberships covering future periods.

Journal and publications revenue is recognized as revenue based on the publication date of the journal.

Licensing revenue is recognized as revenue evenly over the term of the licensing contract. Deferred revenue includes amounts received for licensing agreements in excess of the revenue recognized.

Grants are included in revenue in the periods to which the grant applies or the related expenses under the terms of the grant are incurred. Grants received in advance and those for which the related expenses have not been incurred are reflected in current liabilities as deferred revenue.

Editor-in-chief stipend is recognized when received.

Interest income is unrestricted and is recognized in operations as it is earned.

Other income is recognized as it is earned.

Canadian Thoracic Society

Notes to the Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Foreign Currency Transactions	Monetary assets and liabilities of the society that are denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at the date of the balance sheet. Non-monetary assets, liabilities and other items recorded in income from transactions denominated in foreign currencies are translated at the rates of exchange in effect at the date of the transaction. Revenues and expenses are translated at rates of exchange in effect at the time of the transactions, except to the extent they relate to items translated at historical rates, in which case, historical rates are applied. Exchange gains and losses on current items are included in operations for the year.
Government Assistance	The society periodically applies for financial assistance under available incentive programs for certain eligible expenditures. The society recognizes operating incentives as other income, when there is reasonable assurance that the society has complied with the conditions for receipt of such assistance.
Allocated Expenses	The Society holds a Canadian Respiratory Conference (CRC) annually. The costs of the CRC include the direct costs of the CRC as well as allocated salaries. The salaries are allocated based on estimated work the staff have performed related to the conference, which is applied on a consistent basis each year. The amount of salaries allocated to the CRC is disclosed in Note 9 to these financial statements.

2. Cash

Cash consists of cash held in a bank account. The society's bank account is held at one Canadian chartered bank, earning nominal interest.

3. Short-term Investment

Short-term investment consists of a \$100,000 guaranteed investment certificate held at a Canadian chartered bank, with a prime-linked interest rate, due January 2026. Interest at the time of investment was 3%.

Canadian Thoracic Society Notes to the Financial Statements

December 31, 2025

4. Investments

Investments not traded in an active market are measured at amortized cost. Investments in equity and security holdings traded in an active market are measured at fair value as determined by market prices quoted by investment brokers.

	2025	2024
Cash	\$ 29,897	\$ 7,269
Common equities - Canada	125,178	66,384
Common equities - United States	224,434	143,294
Fixed income	164,551	114,622
Other foreign securities	2,719	1,827
	\$ 546,779	\$ 333,396

5. Tangible Capital Assets

	2025		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 8,956	\$ 1,873	\$ 7,083
			2024
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 8,395	\$ 8,395	\$ -

6. Credit Facilities

The society has an authorized line of credit with the Royal Bank of Canada in the amount of \$30,000, none of which was utilized at December 31, 2025. The loan bears interest at the bank's prime rate plus 5.00%.

The society also has credit card facilities with a combined maximum of \$38,000, of which \$35,476 (2024 - \$35,620) was utilized at year-end and is included in accounts payable and accrued liabilities.

Canadian Thoracic Society Notes to the Financial Statements

December 31, 2025

7. Deferred Contributions

	Balance, beginning of year	Contributions Received	Revenue Recognized	Balance, end of year
CRC Sponsorships General Corporate Sponsorship - 2026	\$ 138,000	\$ 709,505	\$ (772,733)	\$ 74,772
Unity Health - Choosing Wisely	-	51,000	-	51,000
Education programs	10,000	-	(10,000)	-
CTS History Book	30,000	234,390	(264,390)	-
	-	20,000	-	20,000
	\$ 178,000	\$ 1,014,895	\$ (1,047,123)	\$ 145,772

The amounts recognized in the above table are included in Canadian Respiratory Conference - Sponsorships (\$772,733), Grants (\$10,000), and Education programs (\$254,390) on the statement of operations.

8. Deferred Revenue

Deferred revenue consists of amounts received in advance for memberships and licensing agreements that cover future periods.

	2025	2024
Memberships	\$ 84,779	\$ 75,861
Licensing	31,751	9,876
	\$ 116,530	\$ 85,737

Canadian Thoracic Society Notes to the Financial Statements

December 31, 2025

9. Canadian Respiratory Conference

	2025	2024
Revenue		
Sponsorship	\$ 772,733	\$ 741,160
Conference registrations	282,000	307,410
Advertising	94,500	-
Contract	5,000	-
Other	3,794	35,843
	1,158,027	1,084,413
Expenses		
Contractor	107,584	84,098
Conference expenses	672,966	678,366
Salary and related benefits	85,110	68,564
	865,660	831,028
	\$ 292,367	\$ 253,385

10. Commitments

As part of its ongoing operations the society is committed under the terms of various agreements for facility, equipment and food and beverage costs, for future conferences. In certain cases, within agreed notice periods, should the conference be cancelled or be relocated to another venue, the guarantees of payments may not all be required. As at December 31, 2025 the maximum fees that may be paid due to cancellations of future conferences are approximately \$232,000 plus applicable GST, HST or QST.

11. Financial Instruments Risks and Uncertainties

The society is exposed to various risks through its financial instruments. The following analysis provides a measure of the society's risk exposure and concentrations as at December 31, 2025.

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 society's main credit risk relates to its accounts receivable.

Canadian Thoracic Society

Notes to the Financial Statements

December 31, 2025

11. Financial Instruments Risks and Uncertainties (continued)

Liquidity risk

Liquidity risk relates to the risk that the society will encounter difficulty in meeting its obligations associated with financial liabilities. The society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The society is exposed to currency risk, interest rate risk, and other price 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 society is exposed to currency exchange risk by the virtue of the fact that it transacts in currencies other than the Canadian dollar. This exposure is limited to the extent that these currencies fluctuate between the dates that transactions are made and settlement occurs.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The society is exposed to fair value risk on its short-term investment in a guaranteed investment certificate with a prime-linked interest rate.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The society is exposed to other price risk with respect to its investments in traded equity and security holdings.

Financial risk management

The society manages its investment portfolio to earn investment income to support the society's operational budget and implementation of its strategic plan. The society invests only in low risk investments. The society is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Canadian Thoracic Society Notes to the Financial Statements

December 31, 2025

11. Financial Instruments Risks and Uncertainties (continued)

Changes in risk

The society is now exposed to interest rate risk as a result of its investment in a guaranteed investment certificate. There have been no other significant changes in the society's risk exposures from the 2024 fiscal year.

12. Comparative Amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.
