

December 26, 2024

The Treasurer  
Lung Cancer Canada  
133 Richmond Street West, Suite 208  
Toronto, Ontario  
M5H 2L3

Dear Treasurer:

We thank the members for appointing Pennylegion Chung LLP (the Firm) as auditors of Lung Cancer Canada (the Organization) for the year ended December 31, 2024.

You have requested that we audit the financial statements of Lung Cancer Canada, which comprise the statement of financial position as at December 31, 2024, 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 prepared in accordance with Canadian accounting standards for not-for-profit organizations. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

## **Objectives and Scope of an Audit**

The objectives of our audit 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.

## **The Responsibilities of the Auditor**

We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- 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.

...2

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.

If we identify any of the following matters in the course of our audit they will be communicated to the appropriate level of management and Board of Directors as appropriate:

- a) Misstatements, resulting from error, other than trivial errors
- b) Fraud or any information obtained that indicates that a fraud may exist
- c) Any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred
- d) Significant deficiencies in the design or implementation of internal controls to prevent and detect fraud or error
- e) Related-party transactions identified by us and not disclosed by management that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure
- f) We will communicate matters that we deem to be of lesser significance directly to the persons responsible for the financial systems.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management and those charged with governance in discharging their responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

Canadian generally accepted auditing standards also require that we comply with our professional ethical requirements, one of which is the duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning the affairs of the Organization without prior consent, unless required to do so by legal authority, or the Rules of Professional Conduct/Code of Ethics of CPA Ontario.

In accordance with professional regulations and our Firm's policy, our client files may periodically be reviewed by practice inspectors and other file quality reviewers to ensure that we are adhering to professional and our Firm's standards. File reviewers are required to maintain the confidentiality of client information.

### **Limitations of an Audit**

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit that is designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

### **Management's Responsibilities on Which an Audit is Premised**

An audit under Canadian generally accepted auditing standards is conducted under the premise that management acknowledge and understand that they have responsibility for:

*Financial Statements* - the preparation and fair presentation of the Organization's financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Management is

responsible for selecting the applicable financial reporting framework.

*Completeness of Information* - completeness of information including providing us with:

- a) Complete financial records and related data, including copies of all signed minutes of meetings of the board of directors and board committees
- b) Information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements
- c) Information relating to any illegal or possibly illegal acts, and all facts related thereto
- d) Information regarding all related parties and related-party transactions
- e) Any additional information that we may request from management for the purpose of this audit
- f) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

*Fraud and Error* - management is responsible for:

- a) Internal control that management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
- b) An assessment of the risk that the financial statements may be materially misstated as a result of fraud
- c) Providing us with information relating to fraud or suspected fraud affecting the entity involving:
  - i) Management
  - ii) Employees who have significant roles in internal control
  - iii) Others, where the fraud could have a non-trivial effect on the financial statements
- d) Providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators or others
- e) Communicating management's belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

*Recognition, Measurement and Disclosure* - management is responsible for providing us with:

- a) Its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements
- b) Any plans or intentions that may affect the carrying value or classification of assets or liabilities
- c) Information relating to the measurement and disclosure of transactions with related parties
- d) An assessment of all areas of measurement uncertainty known to management that are required to be disclosed
- e) Information relating to claims and possible claims, whether or not they have been discussed with the Organization's legal counsel
- f) Information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Organization is contingently liable
- g) Information on whether the Organization has satisfactory title to assets, liens or encumbrances on existing assets, or assets that are pledged as collateral
- h) Information relating to compliance with aspects of contractual agreements that may affect the financial statements
- i) Information concerning subsequent events
- j) Representations on specific matters communicated to us during the engagement.

*Written Confirmation of Significant Representations* - management is responsible for providing us with written confirmation of significant representations provided to us during the engagement on matters that are:

- a) Directly related to items that are material, either individually or in the aggregate, to the financial statements
- b) Not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement
- c) Relevant to management's judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

### **Reproduction of the Audit Report**

Management is responsible for the accurate reproduction of the financial statements, the auditor's report

...4

and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either the full or summarized financial statements that we have audited.

We insist that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us. If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, we insist that a copy of the entire document be submitted to us in sufficient time for our review before the publication or posting process begins.

### **Working Papers**

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the engagement are the property of our Firm, constitute confidential information and will be retained by us in accordance with our Firm's policies and procedures.

### **Use of Electronic Communications**

Unless we are advised to the contrary, the services may be conducted and obligations performed by the electronic transmission of information, documents and data, including confidential and sensitive information by e-mail.

If the communication relates to a matter of significance and there are concerns about possible effects of electronic transmission a hard copy of such transmission should be requested from us.

### **Fees**

Our fees will be determined on the basis of the time spent at our standard billing rates, plus any significant out-of-pocket disbursements incurred. Each billing is due for payment when received. Any additional services will be agreed to in advance and will be determined on the basis of the time spent at our standard billing rates, plus any significant out-of-pocket disbursements incurred. Each billing is due for payment when received.

### **Limitation of Liability**

The liability of the Firm to the Organization for a claim related to professional services provided pursuant to this agreement in either contract or tort is limited to the extent that such liability is covered by errors and omissions insurance in effect from time to time including the deductible therein, which is available to indemnify the chartered professional accountant at the time the claim is made.

In any action, claim, loss or damage arising out of the engagement, the Organization agrees and understands that the Firm's liability will be several, and not joint and several, and the Organization may only claim payment from the Firm's proportionate share of the total liability based on degree of fault.

### **Indemnification for Misrepresentations**

The Organization hereby agrees to release and indemnify the Firm and its partners and employees, and hold them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Organization's management, regardless of whether such person was acting in the Organization's interest. This release and indemnification will survive termination of this engagement letter.

### **Other Services**

In addition to the audit services referred to above, we will, as allowed by the Rules of Professional Conduct/Code of Ethics of CPA Ontario, prepare your Registered Charity Information Return T3010. Management will provide the information necessary to complete these returns and we will send them to you to be filed with the appropriate authorities on a timely basis.

We acknowledge that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the basis that:

- a) You represent to us that management has obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation

b) We will hold all personal information confidential in compliance with our Firm's privacy statement.

Refer to Appendix A, which provides an example of the expected form and content of the auditor's report, which may be amended in light of our audit findings.

The above terms of our engagement will be effective from year to year until amended or terminated in writing by either party. If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity to be of service to the Lung Cancer Canada.

Yours very truly,



Chartered Professional Accountants  
Licensed Public Accountants

We agree with your understanding of the terms of your engagement as auditors of the Organization as set out in this letter.

Lung Cancer Canada

---

Treasurer name

---

Signature

---

Date

## APPENDIX A

Unless unanticipated difficulties are encountered during our audit, our independent auditor's report will be substantially as follows:

### INDEPENDENT AUDITOR'S REPORT

To the Members of Lung Cancer Canada

#### Opinion

We have audited the financial statements of Lung Cancer Canada, which comprise the statement of financial position as at December 31, 2024, 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 Lung Cancer Canada as at December 31, 2024 and the 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

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 Lung Cancer Canada 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 Lung Cancer Canada'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 Lung Cancer Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Lung Cancer Canada'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 risk, 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 the 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 Lung Cancer Canada'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 Lung Cancer Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 Lung Cancer Canada 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.

Chartered Professional Accountants  
Licensed Public Accountants

Audit report date  
Toronto, Ontario

If our opinion on the financial statements is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form, or have not formed, an opinion, we may decline to express an opinion as a result of this engagement.