LUNG CANCER CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Lung Cancer Canada,

Opinion
We have audited the financial statements of Lung Cancer Canada (the organization), 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 Lung Cancer Canada 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 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 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 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 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 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 23, 2026
Toronto, Ontario

LUNG CANCER CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
ASSETS		
Current assets		
Cash	$ 1,610,089	$ 781,237
Marketable securities (note 3)	1,254,429	1,647,658
Amounts receivable	14,260	26,400
HST rebate recoverable	33,459	35,393
Prepaid expenses	9,226	11,612
	$ 2,921,463	$ 2,502,300
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 54,681	$ 21,729
Deferred contributions (note 4)	874,146	727,301
	928,827	749,030
Net assets		
Unrestricted	1,992,636	1,753,270
	$ 2,921,463	$ 2,502,300

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

LUNG CANCER CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
REVENUE		
Contributions (note 5)	$ 1,107,981	$ 1,052,074
Investment income		
Change in unrealized gain on marketable securities	120,236	13,277
Interest and dividends	76,420	80,276
Realized gains on sale of marketable securities	-	7,943
Fundraising and other	132,821	99,554
	1,437,458	1,253,124
EXPENSES		
Personnel	442,852	393,436
Research	297,600	258,212
Public awareness and education	276,404	300,184
Office and general	109,137	96,015
Occupancy	38,588	37,064
Investment management fees	18,828	17,202
Insurance	7,570	7,262
Events	7,045	6,771
Professional fees	68	9,719
	1,198,092	1,125,865
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	239,366	127,259
Net assets, beginning of year	1,753,270	1,626,011
NET ASSETS, END OF YEAR	$ 1,992,636	$ 1,753,270

see accompanying notes

LUNG CANCER CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	$ 239,366	$ 127,259
Add back non-cash items -		
Change in unrealized gains on marketable securities	(120,236)	(13,277)
Net change in non-cash working capital items (see below)	196,257	(13,352)
Net cash generated from operating activities	315,387	100,630
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	50,000	(250,000)
Proceeds from sale of marketable securities, net of purchases	463,465	57,027
Net cash generated from (used for) investing activities	513,465	(192,973)
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	828,852	(92,343)
Cash, beginning of year	781,237	873,580
CASH, END OF YEAR	$ 1,610,089	$ 781,237

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	$ 12,140	$ (12,592)
HST rebate recoverable	1,934	(1,500)
Prepaid expenses	2,386	(5,359)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	32,952	(9,380)
Deferred contributions	146,845	15,479
	$ 196,257	$ (13,352)

see accompanying notes

Lung Cancer Canada (the organization) is continued under the Canada Not-for-profit Corporations Act without share capital. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The objectives of the organization are to raise awareness, provide patient focused information and offer peer support to everyone touched by lung cancer.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition
The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions
The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

Contributed materials and services
Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

Investment income
Investment income, which consists of interest, dividends, realized gains and losses and changes in unrealized gains, is recorded as revenue in the statement of operations when earned. Transaction costs are recognized in the statement of operations in the period during which they are incurred.

Foreign currency translation
Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the date of the statement of financial position. Exchange gains and losses are included in the statement of operations.

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, marketable securities, amounts receivable, accounts payable and accrued liabilities. Marketable securities consist of publicly traded equities, guaranteed investment certificates and mutual funds. Equity and mutual funds are initially and subsequently recorded at fair market value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

The organization's mutual funds are exposed to interest rate risk to the extent that the mutual funds hold fixed-income securities because the fair value will fluctuate due to changes in market interest rates.

The organization's equities and mutual funds are exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks). The organization's equities and mutual funds held in U.S. dollars are exposed to foreign currency exchange risk through fluctuations of foreign exchange rates and the degree of volatility of these rates.

3. MARKETABLE SECURITIES

Marketable securities are as follows:

	2025	2024
Canadian and US equities	$ 754,429	$ 471,007
Guaranteed investment certificates	500,000	550,000
Mutual funds	-	626,651
	$ 1,254,429	$ 1,647,658

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest of 3.00% and mature in January 2026.

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2025	2024
Deferred contributions, beginning of year	$ 727,301	$ 711,822
Add cash received from contributions	1,254,826	1,067,553
Less contribution revenue recognized in year	(1,107,981)	(1,052,074)
Deferred contributions, end of year	$ 874,146	$ 727,301

5. CONTRIBUTIONS

Contribution revenue recognized in the year was as follows:

	2025	2024
Corporations	$ 600,575	$ 454,597
Individuals	451,561	332,185
Foundations	55,845	256,024
Government	-	9,268
	$ 1,107,981	$ 1,052,074

6. LEASE COMMITMENT

The organization leases office space in Toronto, Canada. Minimum annual payments over the term of the lease, which expires in October 2030, are as follows:

2026	$ 41,821
2027	42,448
2028	43,085
2029	43,731
2030	36,989