

LUPUS CANADA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lupus Canada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lupus Canada (the "Organization"), which comprise the statement of financial position as at September 30, 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, the accompanying financial statements present fairly, in all material respects, the financial position of Lupus Canada as at September 30, 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 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

- 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.

KRIENS~LAROSE, LLP

KRIENS~LAROSE, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
February 24, 2026

LUPUS CANADA
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2025

	2025	2024
	\$	\$
ASSETS		
CURRENT		
Cash	153,171	19,617
Investments (Note 2)	493,822	364,329
Accounts receivable	7,451	612
HST recoverable	4,186	17,328
Prepaid expenses and other assets	12,424	12,242
	671,054	414,128
CAPITAL ASSETS (Note 3)	432	617
	671,486	414,745
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	47,004	35,494
Deferred contributions (Note 4)	85,615	5,746
	132,619	41,240
NET ASSETS		
Unrestricted	187,140	104,038
Internally Restricted - Operating Reserve (Note 5)	240,000	240,000
Internally Restricted - Research Reserve (Note 5)	110,857	28,857
Internally Restricted - Lupus Canada Scholarship Fund (Note 5)	870	610
	538,867	373,505
	671,486	414,745

APPROVED ON BEHALF OF THE BOARD:

_____, Director _____, Director

LUPUS CANADA
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Internally Restricted			Unrestricted	2025 Total	2024 Total
	Lupus Canada Scholarship Fund	Operating Reserve	Research Reserve			
	\$ (Note 5)	\$ (Note 5)	\$ (Note 5)	\$	\$	\$
Balance, beginning of year	610	240,000	28,857	104,038	373,505	441,332
Excess (deficiency) of revenues over expenses	260	-	-	165,102	165,362	(67,827)
Transfer from Unrestricted (Note 5)	-	-	82,000	(82,000)	-	-
Balance, end of year	870	240,000	110,857	187,140	538,867	373,505

See accompanying notes to the financial statements

LUPUS CANADA
STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	2025	2024
	\$	\$
REVENUES		
Bequests	415,460	90,000
Individual and corporation donations	251,871	340,018
Direct mail campaign donations (Note 6)	82,977	81,757
Miscellaneous	32,056	27,687
Interest income	16,172	19,080
Fundraising	8,085	14,101
Government assistance (Note 7)	5,213	5,018
Memorials	420	3,088
Grants	-	66,312
	812,254	647,061
EXPENSES (NOTE 8)		
General and infrastructure (Note 6)	176,023	246,381
Public awareness	161,042	144,252
Fund development	127,060	78,463
Advocacy	120,305	124,354
Research	59,247	121,438
Joint expenses	3,215	-
	646,892	714,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	165,362	(67,827)

LUPUS CANADA
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

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	2025	2024
	\$	\$
CASH WAS PROVIDED BY (USED IN):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from donations and fundraising	845,758	507,137
Cash receipts from grants	-	24,028
Cash receipts from Government assistance	5,213	5,018
Cash receipts to the Lupus Scholarship Fund	25,360	25,560
Interest received	8,954	19,080
Cash paid for direct research contribution	-	(104,099)
Cash paid to suppliers and employees	(622,238)	(617,822)
	263,047	(141,098)
CASH FROM INVESTING ACTIVITIES		
Net purchase of investments	(129,493)	(12,045)
Change in cash	133,554	(153,143)
Cash, beginning of year	19,617	172,760
Cash, end of year	153,171	19,617

See accompanying notes to the financial statements

PURPOSE OF THE ORGANIZATION

Lupus Canada ("the Organization") is a not-for-profit organization which was incorporated under the Canada Corporations Act and continued under the Canada Not-for-Profit Corporations Act on April 28, 2014. It is a registered charity exempt from taxes under subsection 149(1)(f) of the Income Tax Act (Canada).

The purpose of the Organization is to improve the lives of people affected by Lupus through research, public awareness, advocacy and education.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in the active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Where there is an indication of impairment and such an impairment is determined to have occurred, the carrying amount of financial assets, measured at amortized cost is reduced to the greater of discounted cash flows expected or proceeds that could be realized from the sale of the financial assets. Such impairments can be subsequently reserved if the value subsequently improves, but cannot exceed the amount that would have been reported at the date of reversal, had impairment not been recognized previously.

1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Computer equipment	30% declining balance
Equipment	30% declining balance

Equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the equipment to its fair value. Any impairment of the equipment is recognized in income in the year in which the impairment occurs.

An impairment loss is reversed if the fair value of the equipment subsequently increases.

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1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

The Organization uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Interest is recognized as revenue when received or receivable.

All other revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government Assistance

Government assistance is a restricted contribution and is accounted for using the deferral method based on the assistance provided:

Wage Subsidies

Wage subsidies are recognized as revenue in the year the related wages are incurred.

Allocation of Expenses

The Organization reports its administrative expenses under one of the following functions: general and infrastructure, public awareness, research, fund development, advocacy and volunteer management.

Each function is allocated a portion of the Organization's total salaries and benefits expense based on the relative amount of time the Organization's employees work on each function. Other administrative expenses are allocated based on directly being related to providing the function.

Details of the amounts allocated are disclosed in Note 8.

Donated Property and Services

During the year voluntary services were provided. Because these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

2. INVESTMENTS

	2025 \$	2024 \$
Guaranteed investment certificates, 2.44% and 2.95%, maturing February 10, 2026 and September 7, 2026	493,822	-
Guaranteed investment certificates, 2.25% and 3.46%, maturing September 5, 2025 and September 26, 2025	-	364,329
	493,822	364,329

3. CAPITAL ASSETS

	2025		2024	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	31,053	30,639	31,053	30,454
Equipment	11,660	11,642	11,660	11,642
	42,713	42,281	42,713	42,096
Net book value	432		617	

The amortization expense for the year is \$185 (2024: \$1,882)

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4. DEFERRED CONTRIBUTIONS

Deferred contributions represent funds received which are externally restricted for expenses of subsequent fiscal years. The change in the deferred contributions balance is as follows:

	2025	2024
	\$	\$
Balance, beginning of year	5,746	71,605
Restricted contributions received during the year	174,365	53,409
Amounts recognized as revenue during the year	(94,496)	(119,268)
Balance, end of year	85,615	5,746

Deferred contributions consists of the following:

AstraZeneca	72,500	-
Research	9,365	-
GlaxoSmithKine Inc.	3,750	-
Lupus Let's Talk	-	3,000
Fact booklet - Trillium Grant	-	2,746
	85,615	5,746

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5. INTERNALLY RESTRICTED NET ASSETS

The Operating Reserve is an internally restricted fund designed to harbour in reserve approximately six months of the annual operating budget (nondiscretionary items) for future operations. During the 2024 fiscal year, the Board approved an increase in the Operating Reserve from \$150,000 to \$240,000.

The Research Reserve is an internally restricted fund designed to finance innovative research projects aimed at understanding lupus better, improving treatment options, and ultimately finding a cure for this autoimmune disease. During the 2025 fiscal year, the Board approved a transfer of \$82,000 (2024: \$nil) from unrestricted net assets to the Research Reserve. During the 2024 fiscal year, the Board authorized the use of \$51,143 from the Research Reserve to address the shortfall resulting from research fund disbursements that exceeded the externally restricted research funds available.

The Lupus Canada Scholarship Fund was established to provide financial assistance for educational pursuits to individuals impacted by lupus, supporting their academic goals and easing the financial burden associated with their condition. During the year, contributions were received and expenses paid in the amount of \$25,360 (2024: \$25,560) and \$nil (2024: \$nil), respectively. In addition, \$25,100 (2024: \$25,000) in scholarships were disbursed to candidates.

6. DIRECT MAIL CAMPAIGN DONATIONS

Lupus Canada reports the gross and net contributions of its direct mail campaigns, as follows:

	2025	2024
	\$	\$
Direct mail revenues	82,977	81,757
Direct mail costs	(30,070)	(29,190)
	52,907	52,567

Direct mail costs are included in general and infrastructure on the statement of operations.

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7. GOVERNMENT ASSISTANCE

In fiscal year 2025, the Organization received Government assistance for the Canada Summer Jobs grant. The Canada Summer Jobs grant provides wage subsidies to employers from not-for-profit organizations, the public sector, and private sector organizations with 50 or fewer fulltime employees, to create quality summer work experiences for young people aged 15 to 30 years. As at September 30, 2025, the grant amount included in accounts receivable is \$5,213 (2024: \$5,018).

8. ALLOCATION OF EXPENSES

Pursuant to the policy described in Note 1, the Organization's administrative expenditures for the year are allocated as follows:

	2025	2024
	\$	\$
General and infrastructure	176,023	180,069
Public awareness	161,042	144,252
Fund development	127,060	78,463
Advocacy	120,305	124,354
Research	23,747	17,339
	608,177	544,477

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following presents the Organization's risk exposures and concentrations at September 30, 2025.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization's credit risk would occur with their accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$nil (2024: \$nil).

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9. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is mainly in respect of its accounts payable and accrued liabilities. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change in the risk assessment from the prior period.

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 risks: currency risk, interest rate risk and other price risk. The Organization is not exposed to these market risks.