Loeys-Dietz Syndrome Foundation Canada / Fondation du Syndrome Loeys-Dietz Canada

Financial Statements

December 31, 2024

Contents

Management's Responsibility

To the Board of Directors of Loeys-Dietz Syndrome Foundation Canada / Fondation du Syndrome Loeys-Dietz Canada:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

June 28, 2025

President

Independent Auditor's Report

To the Board of Directors of Loeys-Dietz Syndrome Foundation Canada / Fondation du Syndrome Loeys-Dietz Canada:

Qualified Opinion

We have audited the financial statements of Loeys-Dietz Syndrome Foundation Canada / Fondation du Syndrome Loeys-Dietz Canada (the "Foundation"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2024, 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 many not-for-profit organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, our review of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenses, cash flows from operations, current assets and deficiency of net assets.

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 Foundation 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 qualified opinion.

Emphasis of Matter

As part of our audit of the financial statements of the Company for the year ended December 31, 2024, we also audited the corrections described in Note 3 which were applied to restate the financial statements for the year ended December 31, 2023. In our opinion, such corrections are appropriate and have been properly applied.

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 Foundation’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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

Montréal, Québec

June 28, 2025

MNP LLP[1]

[1] By CPA auditor, public accountancy permit No. A121346

Loeys-Dietz Syndrome Foundation Canada / Fondation du Syndrome Loeys-Dietz Canada
Statement of Financial Position
As at December 31, 2024

	2024	*2023 (Restated Note 2)*
Assets		
Current		
Cash	**570,266**	479,285
Term deposits *(Note 5)*	**10,000**	10,000
Contributions receivable	**1,000**	765
Sales taxes receivable	**81,565**	57,609
Prepaid expenses	**233,748**	177,494
	896,579	725,153
Capital assets *(Note 6)*	**6,783**	9,690
Cash surrender value of life insurance policies	**1,380,167**	285,877
	2,283,529	1,020,720
Liabilities		
Current		
Trade and other payables *(Note 7)*	**607,184**	301,987
Deferred contributions payable	**-**	29,670
	607,184	331,657
Long-term debts *(Note 8)*	**1,308,635**	-
Loan payable *(Note 9)*	**21,973,419**	15,848,912
	23,889,238	16,180,569
Commitment *(Note 10)*		
Deficiency of Net Assets		
Unrestricted	**(21,605,709)**	(15,159,849)
	2,283,529	1,020,720

Approved on behalf of the Board of Directors

Director **Director**

The accompanying notes are an integral part of these financial statements

Loeys-Dietz Syndrome Foundation Canada / Fondation du Syndrome Loeys-Dietz Canada
Statement of Operations
For the year ended December 31, 2024

	2024	*2023 (Restated - Note 2)*
Revenue		
Donations	**215,578**	81,853
Interest income on term deposits	**3,563**	39,185
Proceeds from donated life insurance policies	**-**	50,000
Cash surrender value of life insurance policies donated	**790,558**	285,877
	1,009,699	456,915
Expenses		
Direct costs of insurance donations	**4,637,687**	3,750,060
Interest on loan payable	**2,167,439**	1,602,364
Professional fees	**313,832**	148,159
Salaries and benefits	**163,822**	253,885
Interest on long-term debts	**63,168**	-
Contributions to other organizations	**45,033**	22,926
Travel	**27,672**	15,970
Software and web hosting fees	**14,604**	16,153
Advertising	**10,562**	7,024
Bank charges and interest	**4,844**	1,759
Office expenses	**2,336**	5,108
Insurance	**2,236**	2,186
Membership fees	**50**	328
Foreign exchange loss (gain)	**(633)**	328
Amortization of capital assets	**2,907**	4,153
	7,455,559	5,830,403
Deficiency of revenue over expenses	**(6,445,860)**	(5,373,488)

The accompanying notes are an integral part of these financial statements

Loeys-Dietz Syndrome Foundation Canada /
Fondation du Syndrome Loeys-Dietz Canada
Statement of Changes in Net Assets
For the year ended December 31, 2024

	2024	*2023 (Restated - Note 2)*
Deficiency of net assets, beginning of year as previously stated	**(15,445,726)**	(9,786,361)
Correction of an error *(Note 2)*	**285,877**	-
Net assets, beginning of year as restated	**(15,159,849)**	(9,786,361)
Deficiency of revenue over expenses	**(6,445,860)**	(5,373,488)
Deficiency of net assets, end of year	**(21,605,709)**	(15,159,849)

The accompanying notes are an integral part of these financial statements

Loeys-Dietz Syndrome Foundation Canada / Fondation du Syndrome Loeys-Dietz Canada
Statement of Cash Flows
For the year ended December 31, 2024

	2024	*2023 (Restated Note 2)*
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	**(6,445,860)**	(5,373,488)
Amortization of capital assets	**2,907**	4,153
Accrued interest on loan payable	**2,167,439**	1,602,364
Accrued interest on long-term debts	**63,168**	-
Change in fair market value of cash surrender life insurance policies	**(303,731)**	-
	(4,516,077)	(3,766,971)
Changes in working capital accounts		
Contributions receivable	**(235)**	45,205
Sales taxes receivable	**(23,956)**	40,764
Prepaid expenses	**(56,254)**	(18,001)
Trade and other payables	**305,197**	55,468
Deferred contributions payable	**(29,670)**	(27,542)
	(4,320,995)	(3,671,077)
Financing		
Advances of loan payable	**3,957,068**	1,950,766
Advances of long-term debts	**1,245,467**	-
	5,202,535	1,950,766
Investing		
Disposal of term deposits	**-**	1,448,199
Increase in cash surrender value life insurance policies	**(790,559)**	(285,879)
	(790,559)	1,162,320
Increase (decrease) in cash resources	**90,981**	(557,991)
Cash resources, beginning of year	**479,285**	1,037,276
Cash resources, end of year	**570,266**	479,285
Supplementary cash flow information		
Non-cash transactions:		
Cash surrender value of life insurance policies	**303,731**	-
Direct costs of insurance donations	**(303,731)**	-

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Loeys-Dietz Syndrome Foundation Canada / Fondation du Syndrome Loeys-Dietz Canada (the "Foundation") was incorporated under the authority of Canada Corporation Act and is registered charity and thus is exempt from income taxes under the Income Tax Act ("the Act").

The Foundation's purpose is

(a) To carry out research concerning the cause, treatment and potential cure of Loeys-Dietz Syndrome;

(b) To support individuals affected by Loeys-Dietz Syndrome, and their families, by promoting, with regard to Loeys-Dietz Syndrome, a sharing of information that is as accessible as possible to the general public;

(c) To receive and maintain a fund or funds and to apply from time to time all or part of thereof and the income derived therefrom to qualified donees in accordance with the Income Tax Act (Canada).

2. Correction of error

During the year, it was determined that the Foundation did not record the cash surrender value assets on insurance policies that were donated resulting in an understatement of cash surrender value assets and revenue.

The impact of this correction has resulted in a increase in cash surrender value asset and revenues of $285,877.

The following table summarizes the corrections on each of the affected financial statement line items:

	2023 Previously reported	Restatement of prior year	2023 Restated
Statement of Financial Position as at December 31, 2023:			
Long term assets			
Cash surrender value of life insurance policies	-	285,877	285,877
Net Assets (Deficiency of Net Assets)			
Unrestricted Net Assets (Deficiency of Net Assets)	(15,445,726)	(15,159,849)	285,877
Statement of Operations at December 31, 2023:			
Cash surrender value of life insurance policies donated	-	285,877	285,877
Deficiency of revenue over expenses	(5,659,365)	285,877	(5,373,488)

3. Donation tax receipt and life insurance policies

During the year, the Foundation issued tax receipts for non-cash gifts of $8,094,145 (2023 - $2,363,395) based on the donated insurance policies' fair market value. The face value of the donated life insurance policies is $ 77,422,269 (2023 - $60,407,269).

4. Significant accounting policies

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

4. Significant accounting policies *(Continued from previous page)*

Change in accounting policy

Customer's accounting for cloud computing arrangements

Effective January 1, 2024, the Foundation adopted the Accounting Standard for not-for-profit organizations new guideline AcG-20 Customer's Accounting for Cloud Computing Arrangements. Applying the new guideline results in the recognition, measurement, and disclosure of cloud computing arrangements, including the allocation of the arrangement consideration to significant separable elements of cloud computing arrangement.

There was no material impact on the financial statements from the application of the new accounting guideline.

Measurement uncertainty

The preparation of financial statements in conformity 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Contributions receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future periods could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Contributions may include cash donations, donated life insurance policies, sponsorships, and other donations. Unrestricted contributions are recorded as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Life insurance proceeds on donated policies are recorded following the death of the insured.

Donated life insurance policies with a cash surrender value are recorded when received.

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

Interest income is recognized as revenue when earned.

Contributed goods and services

Donated goods and services are not recorded.

Volunteers contribute time to assist the Foundation in carrying out some of its activities. Due to the difficulty in determining their fair value, contributed services from volunteers are not recognized in these financial statements.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives as follow:

	Method	Rate
Computer equipment	*declining balance*	*30%*

4. Significant accounting policies *(Continued from previous page)*

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Foundation's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

Financial instruments

The Foundation recognizes financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Foundation has not made such an election during the year.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Foundation’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Foundation initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction (“related party financial instruments”) at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Foundation may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

4. Significant accounting policies *(Continued from previous page)*

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in deficiency of revenue over expenses.

Financial asset impairment

The Foundation assesses impairment of all its financial assets measured at cost or amortized cost. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Foundation reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Foundation reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenue over expenses in the year the reversal occurs.

5. Term deposits

	2024	*2023*
Fixed rate cashable guaranteed investment certificate bearing interest at a rate of 3.40 % per annum until maturity date of November 8, 2025	**10,000**	10,000
	10,000	10,000

6. Capital assets

	Cost	Accumulated amortization	*2024* Net book value	2023 Net book value
Computer equipment	**18,152**	**11,369**	**6,783**	9,690

7. Trade and other payables

	2024	*2023*
Accounts payable and accruals	**581,688**	282,247
Accrued wages payable	**6,118**	2,817
Vacation payable	**19,378**	16,923
	607,184	301,987

8. Long-term debts

During the year, loans totaling $1,309,635 (2023 – nil) were received from various unrelated third parties. The loans bear interest at fixed rates ranging from 4% - 8.45%, per annum, acrrued annually, and are secured by the insurance policies with cash surrender value which are pledged as collateral. Accrued compounded interest included in the loan payable is $63,168 (2023 - $Nil). The accrued interest and principal value of the loans are due to be repaid at the time the donated insurance policy pays out on the death of the insured individual or if LDSF decides to cancel the life insurance policy.

9. Loan payable

During the year, a net loan of $3,957,068 (2023 – $1,950,766) was received from a Partnership whose general partner is related to one of the directors of the Foundation. The loan bears interest at 12%, per annum, compounded annually, and is secured by the donated insurance policies which are pledged as collateral. Accrued compounded interest included in the loan payable is $5,754,091 (2023 - $3,586,653). The Partnership has a first-ranking registered security on the policies. The accrued interest and principal value of the loan is due to be repaid to the Partnership at the time the donated insurance policy pays out on the death of the insured individual, which, is the earliest of when payout occurs and five years. The Foundation reserves the right to repay the debt at any time, at its sole discretion.

10. Commitment

The Foundation has entered into one funding agreement with estimated minimum annual payments as follows:

2025	105,000
2026	69,000
	174,000

11. Related party transactions

During the year, the Foundation had transactions and balances with related parties. These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances are subject to normal terms of trade. The related party transactions and balances are summarized as follow:

	2024	*2023*
Company with a common director		
Office expenses	**1,379**	1,015
Companies whose shareholder is related to one of the directors of the Foundation		
Accounts payable	**454,006**	232,530
Direct costs of insurance donations	**1,863,863**	1,339,455
Partnership whose general partner is related to one of the directors of the Foundation		
Interest expense on loan payable	**2,167,439**	1,602,364

12. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Foreign currency risk

Foreign 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 receives donations denominated in USD currency for which the related revenues and contribution receivable are subject to exchange rate fluctuations. As at December 31, 2024, the following items are denominated in USD currency:

	2024	*2023*
Cash	**3,892**	7,026

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation received loans from a related party for which repayment is required at various maturity dates.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.