

Financial Statements of

**UNIVERSITY OF OTTAWA
HEART INSTITUTE FOUNDATION**

And Independent Auditor's Report thereon

Year ended March 31, 2024

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

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Year ended March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of University of Ottawa Heart Institute Foundation

Opinion

We have audited the financial statements of University of Ottawa Heart Institute Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statements of operations and changes in fund balances
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position the Entity as at March 31, 2024, and its results of operations, its changes in fund balances 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 auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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



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- 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.
- 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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 27, 2024

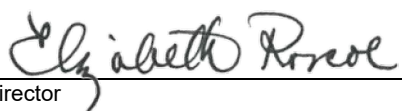
University of Ottawa Heart Institute Foundation
Statement of Financial Position
March 31, 2024

	General Fund	Restricted Fund	Endowment Fund	Total	
				2024	2023
Assets					
Current Assets					
Cash	\$ 6,533,157	\$ 4,045,887	\$ 2,901,785	\$ 13,480,829	\$ 6,126,982
Accounts receivable	66,937	-	-	66,937	79,362
Due from related parties (note 13)	-	32,700,000	-	32,700,000	-
Short term investments (note 3)	-	3,944,006	2,624,725	6,568,731	182,677
Interest rate swap (note 7)	-	201,556	-	201,556	235,037
Prepaid expenses	160,191	6,688	-	166,879	15,516
	<u>6,760,285</u>	<u>40,898,137</u>	<u>5,526,510</u>	<u>53,184,932</u>	<u>6,639,574</u>
Investments (note 3)	-	22,624,259	49,131,140	71,755,399	74,219,421
Capital assets (note 4)	-	-	-	-	9,242
Gift agreements (note 5)	-	1,849,418	-	1,849,418	1,821,218
Research trainee fund (note 6)	-	-	1,500,000	1,500,000	1,500,000
	<u>\$ 6,760,285</u>	<u>\$ 65,371,814</u>	<u>\$ 56,157,650</u>	<u>\$ 128,289,749</u>	<u>\$ 84,189,455</u>
Liabilities and Fund Balances					
Current Liabilities					
Current portion of long term debt (note 7)	\$ -	\$ 1,034,000	\$ -	\$ 1,034,000	\$ 1,010,000
Accounts payable and accrued liabilities	109,939	4,003	10,734	124,676	24,200
Due to related parties (note 13)	410,143	2,209,104	543,214	3,162,461	721,174
Deferred revenue	92,500	-	-	92,500	82,760
	<u>612,582</u>	<u>3,247,107</u>	<u>553,948</u>	<u>4,413,637</u>	<u>1,838,134</u>
Long term liabilities					
Long term debt (note 7)	-	3,257,000	-	3,257,000	4,291,000
Fund balances	<u>6,147,703</u>	<u>58,867,707</u>	<u>55,603,702</u>	<u>120,619,112</u>	<u>78,060,321</u>
	<u>\$ 6,760,285</u>	<u>\$ 65,371,814</u>	<u>\$ 56,157,650</u>	<u>\$ 128,289,749</u>	<u>\$ 84,189,455</u>

Commitments (Note 16)

The accompanying notes are an integral part of these financial statements.

APPROVED BY THE BOARD OF DIRECTORS


Director


Director

University of Ottawa Heart Institute Foundation
Statement of Operations and Changes in Fund Balances
Year ended March 31, 2024

	General Fund		Restricted Fund		Endowment Fund		Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE								
Donations and other	\$ 3,758,902	\$ 3,901,694	\$ 40,716,720	\$ 8,149,810	\$ 2,239,833	\$ 2,099,766	\$ 46,715,455	\$ 14,151,270
Investment income (expense) (note 3)	2,522,465	657,728	(33,481)	136,460	4,385,353	265,976	6,874,337	1,060,164
	6,281,367	4,559,422	40,683,239	8,286,270	6,625,186	2,365,742	53,589,792	15,211,434
EXPENSE								
Administration	914,105	717,055	113,727	170,492	-	-	1,027,832	887,547
Fundraising	2,132,743	2,247,312	-	-	-	-	2,132,743	2,247,312
	3,046,848	2,964,367	113,727	170,492	-	-	3,160,575	3,134,859
Available for allocation	3,234,519	1,595,055	40,569,512	8,115,778	6,625,186	2,365,742	50,429,217	12,076,575
Allocations	26,809	(19,335)	5,466,150	27,297,822	2,377,467	2,061,761	7,870,426	29,340,248
Excess (deficiency) of revenue over expenses	3,207,710	1,614,390	35,103,362	(19,182,044)	4,247,719	303,981	42,558,791	(17,263,673)
Fund balances								
Beginning of period	3,797,542	3,893,976	23,790,898	43,516,374	50,471,881	47,913,644	78,060,321	95,323,994
Transfers between funds	(857,549)	(1,710,824)	(26,553)	(543,432)	884,102	2,254,256	-	-
End of period	\$ 6,147,703	\$ 3,797,542	\$ 58,867,707	\$ 23,790,898	\$ 55,603,702	\$ 50,471,881	\$ 120,619,112	\$ 78,060,321

The accompanying notes are an integral part of these financial statements.

University of Ottawa Heart Institute Foundation
Statement of Cash Flows
Year ended March 31, 2024, with comparative information for 2023

	<u>2024</u>	<u>2023</u>
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 42,558,791	\$ (17,263,673)
Amounts that do not involve cash:		
Amortization of capital assets	9,242	15,844
Change in fair value of gift agreements	(28,200)	9,918
Change in value of interest rate swap	33,481	(136,460)
Unrealized losses (gains) on investments	(5,317,873)	783,371
Net change in non-cash operating working capital:		
Accounts receivable	12,425	(4,139)
Due from related parties	(32,700,000)	5,378,000
Prepaid expenses	(151,363)	21,566
Accounts payable and accrued liabilities	100,476	(11,684)
Due to related parties	2,441,287	(1,409,659)
Deferred revenue	9,740	22,160
	<u>6,968,006</u>	<u>(12,594,756)</u>
Investing activities:		
Net change in investments	1,395,841	12,253,489
Financing activities:		
Repayment of long term debt	(1,010,000)	(985,000)
Increase (decrease) in cash	7,353,847	(1,326,267)
Cash, beginning of year	6,126,982	7,453,249
Cash, end of year	<u>\$ 13,480,829</u>	<u>\$ 6,126,982</u>

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

1. Purpose of the organization:

The University of Ottawa Heart Institute Foundation (the "Foundation") is incorporated without share capital under the *Canada Not-for-profit Corporations Act*. The Foundation coordinates and promotes fundraising and endowment activities to support and fund research, patient care, education and other activities concerning cardiovascular health at the University of Ottawa Heart Institute ("Institute") and the Ottawa Heart Institute Research Corporation ("OHIRC"). The Foundation is a registered charity under the Income Tax Act of Canada and, as such, is exempt from income taxes and may issue donation receipts.

2. Significant accounting policies:

The Foundation applies Canadian accounting standards for not-for-profit organizations in accordance with Part III of the CPA Canada Handbook-Accounting.

(a) Fund accounting:

The accounts of the Foundation are maintained in accordance with the principles of the restricted fund method accounting. Resources received and expended are classified for accounting and reporting purposes into funds according to objectives specified externally by donors or internally by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. These transfers between funds are recorded in the statement of operations and changes in fund balances.

(i) Endowment fund:

The Endowment fund reports the cumulative contributions received by the Foundation which either the external donor or the Board of Directors have designated as endowment. Net investment income earned on endowments, and the distributions and transfers of this income, are reported in the Endowment fund. Net investment income earned on endowments is used to support clinical, education, equipment, research or other programs as specified by the donor, or as directed by the Board of Directors.

(ii) General fund:

The General fund reports the fundraising and administrative activities of the Foundation. Unrestricted contributions and unrestricted net investment income are recorded as revenue in the General fund.

(iii) Restricted fund:

The Restricted fund reports the restricted resources that are held or used for capital, clinical, education, equipment, research, French or other programs as specified externally by donors or internally by the Board of Directors. The Restricted fund also reports the Foundation's long-term debt and related expenses.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions for not-for-profit organizations.

Contributions are recorded as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions received for future fundraising events are deferred and recognized in the period in which the event occurs.

Restricted contributions are recognized as revenue of the Restricted fund. Distributions made to support programs, other than those funded through endowment, are recorded in the Restricted fund.

Gifts of shares are recorded at fair value at the time of the donation. Because of the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements. Due to the uncertainty involved in collecting pledged donations from external donors, they are not recorded until received.

Net investment income includes interest income, dividend income, and realized and unrealized gains (losses) on investments. Net investment income earned on Endowed investments is recorded in the Endowment fund. Net investment income earned on non-endowed investments is recorded in the General fund.

(c) Allocated expenses:

Expenses are recognized in the year incurred and are recorded in the fund to which they are directly related.

Expenses are allocated between administration and fundraising activities based on actual time spent for salaries and benefits and based on measurable and relevant criteria for other expenses subject to allocation. This basis for allocation is applied consistently each year.

(d) Capital assets:

Capital assets are recorded at cost. The Donor wall is recorded at cost and is amortized on a straight-line basis over a period of three years.

(e) Foreign currency transactions:

The Foundation uses the temporal method to translate its foreign currency transactions. 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. Non-monetary assets and liabilities are translated at the historical rate.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(f) Financial instruments:

(i) *Measurement of financial instruments:*

The Foundation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all of its financial assets and liabilities at amortized cost, except for investments and other financial assets designated at fair value at initial recognition, which are measured at fair value. Changes in fair value are recognized as revenue.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial assets measured at cost include the Research trainee fund.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include investments, gift agreements and unrealized gain (loss) on the interest rate swap.

(ii) *Impairment:*

Financial assets measured at cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of possible impairment. The Foundation determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced to the highest of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the initial carrying value. The amount of the reversal is recognized in operations.

(iii) *Transaction costs:*

The Foundation recognizes its transaction costs in operations in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

(iv) *Derivatives:*

All of the Foundation's derivative products are forward contracts or interest rate swaps to manage interest rate risk. Regardless of whether the forward contracts meet the criteria to designate them for hedge accounting or not, the Foundation does not designate them as hedging items. They are recorded at fair value in the Statement of Financial Position as other assets or accrued liabilities. The fair value of derivatives is determined by using observed market interest rate information, along with management judgment. Any unrealized gains or losses from such contracts are recorded in the statement of operations and fund balances.

(g) Gift agreements:

Life insurance policies and trusts are recognized as revenue when the Foundation becomes entitled to the contribution. Irrevocable gift agreements are recognized when the related agreement is signed. The amounts are recorded at fair value, based upon the expected timing of cash flows and related discount rates.

(h) Pension plans:

The Foundation participates in a multi-employer defined benefit plan (Healthcare of Ontario Pension Plan). Contributions are recognized on an accrual basis and are expensed with salaries and benefits in the statement of operations and changes in fund balances.

(i) Use of estimates:

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 revenue and expense during the year. Actual results could differ from these estimates. These estimates are reviewed annually and, as adjustments become necessary, they are reported in the periods in which they become known.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Investments:

	2024			2023		
	Cost \$	Market Value \$	%	Cost \$	Market Value \$	%
Current portion of investments:						
Cash	6,568,731	6,568,731	8.4	182,677	182,677	0.2
Long-term investments:						
Fixed income:						
Canadian	26,374,651	25,575,145	32.6	26,300,112	23,880,402	32.1
International	2,049,321	1,862,009	2.4	1,976,818	1,712,883	2.3
	28,423,972	27,437,154	35.0	28,276,930	25,593,285	34.4
Equities held in pooled funds:						
Canadian	13,130,816	15,383,081	19.6	12,077,765	12,919,310	17.4
International	17,617,899	19,885,542	25.4	22,570,184	22,043,090	29.6
	30,748,715	35,268,623	45.0	34,647,949	34,962,400	47.0
Alternative investments held in pooled fund	8,605,957	9,049,622	11.6	12,635,660	13,663,736	18.4
Total long-term investments	67,778,644	71,755,399	91.6	75,560,539	74,219,421	99.8
Total investments	74,347,375	78,324,130	100.0	75,743,216	74,402,098	100.0

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Investments (continued):

Investment income (expense) consists of the following:

	2024	2023
Interest, dividends and distributions	\$ 2,471,779	\$ 2,577,244
Realized losses on investments	(881,834)	(870,169)
Unrealized gains (losses) on investments	5,317,873	(783,371)
Change in fair value interest rate swap	(33,481)	136,460
	<u>\$ 6,874,337</u>	<u>\$ 1,060,164</u>

4. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Donor wall monitors	\$ 47,531	\$ 47,531	\$ –	\$ 9,242

At March 31, 2023, cost and accumulated amortization amounted to \$47,531 and \$38,289, respectively.

5. Gift agreements:

The Foundation has been named beneficiary of irrevocable gift agreements which will result in future cash flows to the Foundation of \$2,000,000 (2023 - \$2,000,000). The actuarial present values of these irrevocable gift agreements total \$1,849,418 (2023 - \$1,821,218), which is recorded as an asset.

The Foundation has also been named beneficiary of insurance policies and trusts payable for which it is not yet entitled to the contributions. The maturity value of life insurance policies is \$1,710,000 and the maturity value of trust policies is \$171,755 for a total of \$1,881,755 (2023 - \$1,867,275). This amount is not recorded in these financial statements.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Research trainee fund:

On April 4, 2008, the Foundation entered into an agreement with the University of Ottawa, where the Foundation and the University each contributed \$1,500,000 to an endowed 'Research trainee fund'. A benefactor has pledged \$2,000,000 over approximately 8 years to this same fund, resulting in an expected \$5,000,000 endowment to be managed by the University. The fund shall be used exclusively for cardiac research at the Institute, and decisions regarding the use of the fund will be made by the Institute. Should all parties agree the need for such research training be terminated; the Foundation will be entitled to receive its original capital contribution of \$1,500,000.

7. Long term debt and credit facilities:

	2024	2023
Term loan - through a forward SWAP contract with a fixed rate of 2.10% plus a spread, maturing on January 31, 2028, payable in variable quarterly installments of principal and interest	\$ 4,291,000	\$ 5,301,000
Current portion of long-term debt	(1,034,000)	(1,010,000)
	\$ 3,257,000	\$ 4,291,000

Long-term debt principal repayments over the next four years are as follows:

2025	\$ 1,034,000
2026	1,060,000
2027	1,085,000
2028	1,112,000

In 2017, the Foundation entered into a fixed rate credit facility with the Royal Bank of Canada to provide up to \$10,000,000 in financing subject to the Foundation's cash flow requirements. The current balance outstanding under the facility is \$4,291,000 (2023 - \$5,301,000). The interest rate under the facility is a floating rate with an interest rate swap agreement effectively fixing the interest rate at 2.10% plus a spread for the 10-year term. As of March 31, 2024, the SWAP forward contract showed an unrealized gain of \$201,556 (2023 - \$235,037).

The facility is secured with a first ranking security interest in all personal property of the Foundation. It is also guaranteed by the Institute in the form of a second ranking security in all of its personal property.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Endowment fund:

The Endowment fund consists of the cumulative contributions received by the Foundation which either the external donor or the Board of Directors have designated as endowment. The Foundation has established a distribution policy that sets the distribution to 5% (2023 - 4.5%) of the prior year's endowment balance, subject to Board annual approval.

The net investment income earned on funds designated as endowment and restricted in purpose by the donor may be expended only for the restricted purpose. Amounts are distributed at the direction of the Board and in accordance with Foundation policies. Net investment income earned in excess of amounts distributed in the year is accumulated in the related endowment fund and is available for future distribution.

For endowments which the use of the net investment income was not restricted by the donor and for Board-designated endowments, amounts are distributed at the direction of the Board and in accordance with the Foundation's policies. Net investment income earned in excess of amounts distributed in the year is accumulated in the endowment fund and is available for future distribution.

For all endowed funds, if the annual net investment income earned combined with the amount available for future distribution is less than the distributed amount, the General fund finances the difference through a transfer between funds.

The Endowment balance consists of:

	2024	2023
Cumulative endowment principal:		
Externally endowed by donor	\$ 12,726,875	\$ 11,110,461
Board designated	42,260,277	38,843,902
	54,987,152	49,954,363
Cumulative undistributed restricted investment income	616,550	517,518
	\$ 55,603,702	\$ 50,471,881

9. Allocation of expenses:

Salaries and benefits are allocated between administration and fundraising as follows:

	2024	2023
Administration	\$ 621,934	\$ 446,655
Fundraising activities:	1,247,238	1,363,717
	\$ 1,869,172	\$ 1,810,372

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Gifts of shares:

During the year, the Foundation received gifts of shares with a fair value of \$1,398,358 (2023 - \$1,172,196) included in donation and other revenue.

11. Interfund transfers and internally restricted funds:

During the year, the Foundation transferred amounts between the General fund, the Restricted fund and the Endowment fund. These transfers reflect investment income allocations as established by the Foundation's policies and the designation of funds as directed by donors and in accordance with internally imposed restrictions approved by the Board of Directors.

The Restricted fund balance of \$58,867,707 is comprised of internally restricted funds in the amount of \$5,182,958 and of donor restricted funds in the amount of \$53,684,749.

12. Capital disclosures:

The Foundation defines capital as its unrestricted, restricted and endowment fund balances. The objectives of the Foundation with respect to its unrestricted fund balance is to provide funds for its ongoing operations, capital acquisitions and other projects as deemed required. The objective with respect to the restricted fund is to appropriate funds for existing and anticipated future projects and programs. The objective with respect to the endowment fund is to provide funds for chairs, fellowships, lectureships, capital acquisitions, patient support along with heart research, clinical and education programs. There have been no changes to the Foundation's overall strategy with regards to capital.

13. Related party transactions:

The University of Ottawa Heart Institute ("Institute") and the Ottawa Heart Institute Research Corporation ("OHIRC") are related to the Foundation by virtue of their economic interest in the Foundation held resources that are used to benefit these entities.

(a) University of Ottawa Heart Institute ("Institute"):

The following distributions to Institute were made in the year:

	2024	2023
Equipment purchases	\$ 998,338	\$ 1,138,985
Clinical purchases	16,597	—

The Foundation has accounts payable of \$135,418 (2023 - \$147,683) owing to the Institute. This amount is non-interest bearing and has no specified terms of repayment. There is also an amount receivable from the Institute of \$32,700,000 (2023 - \$nil)

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

13. Related party transactions (continued):

(b) Ottawa Heart Institute Research Corporation ("OHIRC")

The following distributions to OHIRC were made in the year:

	2024	2023
Clinical programs	\$ 672,146	\$ 515,000
Equipment purchases	209,616	924,685
Education programs	33,128	44,080
Research programs	5,678,738	26,310,371

The Foundation has accounts payable of \$2,616,900 (2023 - \$308,013) owing to OHIRC. This amount is non-interest bearing and has no specified terms of repayment.

OHIRC provides payroll management services for the Foundation at no cost. All salary and benefit costs are reimbursed on a monthly basis by the Foundation. Included in accrued liabilities is \$410,143 (2023 - \$265,478) owing to OHIRC for salaries and benefits. These transactions are considered to be in the normal course of operations and are measured at the exchange value.

14. Pension plans:

The Foundation joined the Healthcare of Ontario Pension Plan ("HOOPP"), a multi-employer defined benefit plan, in January 2009. The Foundation has adopted defined contribution plan accounting principles for the HOOPP Plan because insufficient information is available to apply defined benefit plan accounting principles. The most recent financial results for HOOPP indicate that, as at December 31, 2023, the plan was fully funded. Variances between actuarial funding estimates and actual experience may be material and differences are generally funded by the participating members.

Contributions to the plan amounted to \$130,554 (2023 - \$138,208) for the HOOPP plan and are included in the statement of operations and changes in fund balances.

15. Financial risks and concentration of risk:

The Foundation is subject to the following risks from its financial instruments:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Association's risk relates mainly to its accounts payable and accrued liabilities, current portion and long-term portion of debt and commitments to fund future distributions.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

15. Financial risks and concentration of risk (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to its accounts receivable. The Foundation assesses, on a continuing basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market risk comprises of three types of risks: currency risk, interest rate risk, and other price risk. The Foundation mitigates its market risks through the use of investment policies and with the assistance of portfolio managers, whose objective is to manage and control market risk exposures within acceptable parameters while optimizing the return.

(i) 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 Foundation is exposed to interest rate risk on its fixed income investments and alternative investments held in pooled funds, long-term debt and the interest rate swap.

(ii) 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 Foundation is exposed to risk from changes in foreign currency rates in its investments. The Foundation monitors foreign equity and investment holdings on an ongoing basis with the assistance of its investment advisors. As of March 31, 2024, the Foundation's total investment in international equities and fixed income had a market value of \$21,747,551 (2023 - \$23,755,973).

(iii) 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 and 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 Foundation is exposed to risk from changes in market prices due to its investments.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

15. Financial risks and concentration of risk (continued):

The Foundation's financial risks have increased during the year due to rising interest rates, inflation and market fluctuations. Management believes that these financial risks are appropriately mitigated and do not pose significant risk to the Foundation's operations. There have been no significant changes in the policies, procedures, and methods used to manage these risks in the year.

16. Commitments:

The Foundation has entered into a lease agreement for equipment with Quadient Leasing Services Canada Limited ending March 31, 2027. Lease payments are required as follows:

2025	\$	16,298
2026		16,298
2027		8,149

The Foundation has pledged to contribute funds to the Institute in support of the important construction and equipment upgrade project. The Foundation's budgeted commitment was established at \$63 million for construction costs and for medical and other equipment purchases. To date, the Foundation has contributed an amount of \$61.2 million against this estimated commitment, leaving a remaining commitment of \$1.8 million.

17. Comparative information:

Certain other comparative information has been revised to reflect the current year's financial statement presentation.