
Financial statements of Montreal Heart Institute Foundation

March 31, 2024

Independent Auditor’s Report	1-3
Statement of financial position	4
Statement of operations and changes in fund balances	5
Statement of cash flows	6
Notes to the financial statements	7-14

Independent Auditor's Report

To the Members of the Montreal Heart Institute Foundation

Opinion

We have audited the financial statements of the Montreal Heart Institute Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 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 ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 ASNPO, 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 GAAS 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 GAAS, 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.

Deloitte LLP

July 8, 2024

¹ CPA auditor, public accountancy permit No. A120628

Montreal Heart Institute Foundation
Statement of financial position
As at March 31, 2024

		2024			2023	
Notes	General Fund	Endowment Fund	Other Funds	Total	Total	
	\$	\$	\$	\$	\$	
Assets						
Investments	3	11,596,039	104,986,303	25,073,590	141,655,932	129,431,588
Cash		1,930,605	—	111,287	2,041,892	4,784,924
Interfund – Endowment Fund		6,782,438*	—	—	—	—
Amounts due by the General Fund		—	—	6,494,114*	—	—
Accounts receivable		145,038	—	25,293	170,331	946,892
Other assets		713,980	—	—	713,980	768,425
		21,168,100	104,986,303	31,704,284	144,582,135	135,931,829
Liabilities						
Accounts payable and accrued liabilities		8,741,091	—	7,351	8,748,442	6,915,995
Interfund – General Fund		—	6,782,438*	—	—	—
Amounts due to the Other Funds		6,494,114*	—	—	—	—
		15,235,205	6,782,438	7,351	8,748,442	6,915,995
Commitments	9					
Fund balances						
Externally restricted	7 and 8	—	10,099,915	31,696,933	41,796,848	36,292,775
Internally restricted	7	—	88,103,950	—	88,103,950	84,462,593
Unrestricted		5,932,895	—	—	5,932,895	8,260,466
		5,932,895	98,203,865	31,696,933	135,833,693	129,015,834
		21,168,100	104,986,303	31,704,284	144,582,135	135,931,829

* These items are not reported in the total column because they offset each other.

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

Approved by the Board

_____, Director

_____, Director

Montreal Heart Institute Foundation
Statement of operations and changes in fund balances
Year ended March 31, 2024

Notes	General Fund		Endowment Fund		Other Funds		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations	3,669,759	4,193,122	949,882	556,581	8,502,185	12,868,410	13,121,826	17,618,113
Bequests	500,000	500,000	—	—	11,858,280	2,556,766	12,358,280	3,056,766
Interest and dividends	3,242,277	2,672,379	—	—	618,961	497,592	3,861,238	3,169,971
(Loss) gain on disposal of investments	(2,458,338)	1,386,575	—	—	397,139	590,797	(2,061,199)	1,977,372
Change in the unrealized fair value of investments	6,915,847	(3,930,085)	—	—	522,608	(1,512,159)	7,438,455	(5,442,244)
Fundraising activities	2,048,188	1,859,140	—	—	237,527	190,409	2,285,715	2,049,549
	13,917,733	6,681,131	949,882	556,581	22,136,700	15,191,815	37,004,315	22,429,527
Fundraising activities								
Direct costs of fundraising activities	628,175	603,109	—	—	—	—	628,175	603,109
Indirect costs of donations and fundraising activities	1,539,391	1,208,745	—	—	—	—	1,539,391	1,208,745
Operational subtotal	11,750,167	4,869,277	949,882	556,581	22,136,700	15,191,815	34,836,749	20,617,673
Expenses								
Salaries, employee benefits and other compensation	3,299,818	2,814,151	—	—	—	—	3,299,818	2,814,151
Other operating charges	171,714	234,670	—	—	—	—	171,714	234,670
	3,471,532	3,048,821	—	—	—	—	3,471,532	3,048,821
Shared expenses	—	(106,709)	—	—	—	106,709	—	—
	3,471,532	2,942,112	—	—	—	106,709	3,471,532	3,048,821
Excess of revenue over expenses before the contributions	8,278,635	1,927,165	949,882	556,581	22,136,700	15,085,106	31,365,217	17,568,852
Contributions to the Montreal Heart Institute	8,158,927	5,801,799	—	—	16,388,431	15,932,998	24,547,358	21,734,797
Excess (deficiency) of revenue over expenses	119,708	(3,874,634)	949,882	556,581	5,748,269	(847,892)	6,817,859	(4,165,945)
Fund balances, beginning of year	8,260,466	8,793,799	93,612,626	95,738,038	27,142,742	28,649,942	129,015,834	133,181,779
Transfers	(2,447,279)	3,341,301	3,641,357	(2,681,993)	(1,194,078)	(659,308)	—	—
Fund balances, end of year	5,932,895	8,260,466	102,694,928*	93,612,626*	31,696,933**	27,142,742**	135,833,693	129,015,834

* See Note 7

** See Note 8

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

Montreal Heart Institute Foundation**Statement of cash flows**

Year ended March 31, 2024

	2024	2023
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	6,817,859	(4,165,945)
Adjustments for:		
Donations in shares	(718,389)	(740,340)
Loss (gain) on disposal of investments	2,061,199	(1,977,372)
Change in the unrealized fair value of investments	(7,438,455)	5,442,244
	722,214	(1,441,413)
Net changes in non-cash operating working capital items		
Accounts receivable	776,561	(464,094)
Inventories	—	14,918
Other assets	54,445	(64,975)
Accounts payable and accrued liabilities	1,832,447	3,520,574
	2,926,549	1,565,010
Investing activities		
Net change in investments	(6,128,699)	1,781,095
Net (decrease) increase in cash	(2,743,032)	3,346,105
Cash, beginning of year	4,784,924	1,438,819
Cash, end of year	2,041,892	4,784,924

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

Montreal Heart Institute Foundation

Notes to the financial statements

March 31, 2024

1. Status and nature of activities

The Montreal Heart Institute Foundation (the "Foundation") incorporated under Part III of the *Companies Act* (Québec) is a charitable organization within the meaning of the *Income Tax Act* created to collect and administer funds to support research, care, teaching, prevention, rehabilitation and the assessment of new technologies at the Montreal Heart Institute.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Foundation uses the restricted fund method to account for its activities.

a) General Fund

The General Fund comprises unrestricted donations, bequests and other revenue, unrestricted investment income, as well as this fund's administrative and management expenses. With the exception of contributions paid by the Other Funds, contributions paid to the Montreal Heart Institute are also charged to this fund. This fund reflects the unrestricted resources.

b) Endowment Fund

The Endowment Fund is allocated as follows:

Externally restricted amounts – Endowment

Comprises donations that, based on the donors' instructions, must be held in perpetuity.

Internally restricted amounts – Other capital

Results from transfers from the General Fund and Other Funds. This capital, which is internally restricted, may not be used without obtaining prior consent from the board of directors.

c) Other Funds

Other Funds are made up of the Bourses du Coeur of the Elina & Giuseppe Borsellino Foundation (the "Bourses du Coeur Fund"), the Heart Beat for the Future campaign Fund (Battre au Rythme du Monde, BRM), the Dedicated donations Fund of the BRM campaign and the Dedicated donations Fund of the annual campaign and Prevent, Take Act and Get well campaign. These funds include donations that must be allocated to special projects (the expansion and construction of specific facilities such as laboratories, the purchase of high-tech equipment and the creation of bursaries for the training of specialists), donations dedicated to purposes specified by the donor, as well as investment income from resources attached to these funds.

Revenue recognition

a) Donation and bequests

Donations and bequests are recorded in the year they are received. Pledges are disclosed in a note to the financial statements and recorded in the statement of operations and changes in fund balances when they are received.

2. Accounting policies (continued)

Revenue recognition (continued)

b) Gifts in kind

Gifts in kind are measured at fair value and recognized in the year they are received.

c) Investment income

Investment income from General Fund resources is recognized at the time it is earned. Investment income from the resources of the Endowment Fund and Other Funds is recognized in the General Fund or Other Funds at the time it is earned, depending on the nature of the allocations stipulated by donors.

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Financial instruments originated or exchanged in related party transactions are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether or not the instrument has repayment terms. If it does have repayment terms, cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, cost is determined using the consideration transferred or received by the Foundation as part of the transaction.

Subsequent measurement

All financial instruments are measured at amortized cost except for investments, which are measured at fair value at the statement of financial position date. The fair value of mutual funds is measured using the fair value of the units established by the fund manager. Fluctuations in fair value, which include interest earned, interest accrued, gains and losses realized upon disposal, and unrealized gains and losses, are included in the revenue of the statement of operations and changes in fund balances.

Transaction costs

Transaction costs related to financial instruments measured at fair value are expensed as incurred.

Impairment

With respect to financial assets measured at amortized cost, the Foundation recognizes in the statement of operations and changes in fund balances an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations and changes in fund balances in the period the reversal occurs.

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars. Monetary assets and liabilities are translated at the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the day of transaction rate.

2. Accounting policies (continued)

Foreign currency translation (continued)

Gains and losses on these translations are included in the change in the unrealized fair value of investments.

Contributions to the Montreal Heart Institute

Contributions granted to the Montreal Heart Institute are recorded in the year that they are paid or become payable. Any excess of approved amounts over paid or payable amounts is reported as a commitment in a note to the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period covered by the financial statements. Actual results could differ from these estimates.

Montreal Heart Institute Foundation
Notes to the financial statements
March 31, 2024

3. Investments

	2024		2023	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
General Fund				
Cash with trustee	4,060	4,060	4,520	4,520
Short-term mutual funds	1,409	1,409	894	894
Shares	—	—	30,710	29,732
Mutual funds of Canadian bonds	11,590,570	13,872,329	11,374,328	13,509,506
	11,596,039	13,877,798	11,410,452	13,544,652
Endowment Fund				
Cash with trustee	52,110	52,110	80,616	80,616
Treasury bills and other discount securities, maturing through June 2024 (January 2024 in 2023)	610,525	610,525	905,248	905,248
Mutual funds of Canadian bonds	28,507,139	32,551,012	23,706,718	27,448,543
Canadian shares and mutual funds of Canadian equities	36,253,865	29,204,281	41,478,829	36,900,455
Foreign shares and mutual funds of foreign equities	39,423,520	27,683,763	31,251,656	24,406,143
	104,847,159	90,101,691	97,423,067	89,741,005
Accrued interest and dividends	139,144	139,144	63,037	63,037
	104,986,303	90,240,835	97,486,104	89,804,042
Other Funds				
Cash with trustee	43,745	43,745	36,566	36,566
Treasury bills and other discount securities, maturing through January 2025 (November 2023 in 2023)	266,754	266,678	245,839	245,841
Mutual funds of Canadian bonds	14,049,142	15,593,212	11,079,781	12,972,257
Canadian equities	4,960,182	3,980,653	5,333,496	3,959,603
Foreign equities and mutual funds of foreign equities	5,753,762	4,016,599	3,816,503	2,647,823
	25,073,585	23,900,887	20,512,185	19,862,090
Accrued interest and dividends	—	—	22,847	22,847
	25,073,585	23,900,887	20,535,032	19,884,937
Total of the funds	141,655,927	128,019,520	129,431,588	123,233,631

The General Fund's interest and dividends and gain on disposal of investments include revenue from resources held as endowments in an amount of \$427,657 (\$3,749,370 in 2023), after deduction of management fees of \$587,407 (\$416,103 in 2023). The General Fund's change in the unrealized fair value of investments also includes the portion of the unrealized gain from resources held as endowments in an amount of \$7,063,406 (loss of \$3,438,640 in 2023).

4. Pledges receivable

As at March 31, 2024, the Foundation held pledges for all the funds totalling \$55 769 000 and running through 2040 as follows:

	\$
2025	13,957,000
2026	12,301,000
2027	11,764,000
2028	10,497,000
2029 and thereafter	7,250,000

5. Contributions to the Montreal Heart Institute

	2024	2023
	\$	\$
General Fund		
Laboratories and project operations	3,927,484	4,446,421
Equipment (Note 11)	3,156,060	990,447
Prevention	492,573	99,808
Education	582,810	265,123
	8,158,927	5,801,799
Other Funds		
Dedicated donations	14,945,158	10,645,886
Equipment (Note 11)	1,126,458	4,664,347
Laboratories and project operations	311,815	444,856
Education	5,000	2,909
Bursaries	—	175,000
	16,388,431	15,932,998
	24,547,358	21,734,797

6. Fundraising activities

	2024		
	Revenue	Direct expenses	Net
	\$	\$	\$
All Funds			
Grand Bal des Vins-Cœurs	1,252,664	541,894	710,770
Tirage des Coeurs chanceux	163,649	35,210	128,439
HeartBeat	70,920	—	70,920
Sporting activities	320,803	23,880	296,923
Other	477,679	27,191	450,488
	2,285,715	628,175	1,657,540

6. Fundraising activities (continued)

	2023		
	Revenue	Direct expenses	Net
	\$	\$	\$
All Funds			
Grand Bal des Vins-Cœurs	1,067,268	403,155	664,113
Tirage des Coeurs chanceux	254,659	42,754	211,905
HeartBeat	140,411	50,764	89,647
Sporting activities	183,682	18,715	164,967
Other	403,529	87,721	315,808
	2,049,549	603,109	1,446,440

7. Balance of Endowment Fund

	2024		
	Endowment	Other capital	Total
	\$	\$	\$
Balance, beginning of year	9,150,033	84,462,593	93,612,626
Endowments received	949,882	—	949,882
Transfer from the General Fund*	—	2,477,279	2,447,279
Transfer from the Other Funds**	—	1,194,078	1,194,078
Balance, end of year	10,099,915	88,103,950	98,203,865
Consisting of:			
Externally restricted amounts			10,099,915
Internally restricted amounts			88,103,950
			98,203,865

	2023		
	Endowment	Other capital	Total
	\$	\$	\$
Balance, beginning of year	8,593,452	87,144,586	95,738,038
Endowments received	556,581	—	556,581
Transfer to the General Fund*	—	(3,341,301)	(3,341,301)
Transfer from the Other Funds**	—	659,308	659,308
Balance, end of year	9,150,033	84,462,593	93,612,626
Consisting of:			
Externally restricted amounts			9,150,033
Internally restricted amounts			84,462,593
			93,612,626

* The board of directors authorized a transfer of \$2,447,279 from the General Fund to the Endowment Fund (\$3,341,301 from the Endowment to the Fund General Fund in 2023).

** The board of directors authorized a transfer of \$1,194,078 from the Other Funds to the Endowment Fund (\$659,308 in 2023).

8. Other Funds balances

	2024				2023
	Bourses du Cœur Fund	BRM campaign Fund	Dedicated donations Funds	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Donations	200,000	—	8,302,185	8,502,185	12,868,410
Bequests	—	—	11,858,280	11,585,280	2,556,766
Interest and dividends	53,784	565,177	—	618,961	497,592
Gain (loss) on disposal of investments	(753)	397,892	—	397,139	590,797
Change in the unrealized fair value of investments	—	522,608	—	522,608	(1,512,159)
Fundraising activities	—	—	237,527	237,527	190,409
Operational subtotal	253,031	1,485,677	20,397,992	22,136,700	15,191,815
Expenses, excluding contributions	—	—	—	—	106,709
Contributions to the Montreal Heart Institute	5,000	1,179,177	15,204,254	16,388,431	15,932,998
	5,000	1,179,177	15,204,254	16,388,431	16,039,707
Excess (deficiency) of revenue over expenses	248,031	306,500	5,193,738	5,748,269	(847,892)
Balances, beginning of year	1,912,285	3,642,989	21,587,468	27,142,742	28,649,942
Transfers (to) from the Endowment Fund	67,928	(819,234)	(442,772)	(1,194,078)	(659,308)
Balances, end of year	2,228,244	3,130,255	26,338,434	31,696,933	27,142,742

9. Commitments

The Foundation is committed to pay the Montreal Heart Institute amounts totalling \$28,788,444 (\$2,235,738 by the General Fund and \$26,552,706 by the Other Funds).

10. Financial instruments

Due to its financial assets, the Foundation is exposed to the following risks related to the use of financial instruments:

Market risk

Market risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate due to changes in market prices. Market risk is comprised of interest rate risk, other price risk, and currency risk. The Foundation is exposed to these risks, as described below.

a) Interest rate risk

Investments in Treasury bills and other discount instruments bear interest at fixed rates. Consequently, a change in market interest rate will have an impact on the fair value of these investments. The Foundation is also indirectly exposed to this risk through its investments in fixed income mutual funds.

10. Financial instruments (continued)

Market risk (continued)

b) 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 or 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 other price risk through its investments in shares and mutual funds for which the value fluctuates with the quoted market price.

c) Currency risk

The Foundation holds cash in U.S. dollars totalling CA\$105,632 (CA\$82,118 in 2023). It is therefore exposed to foreign currency fluctuations.

Credit risk

Credit risk is attributable to the fact that the Foundation invests in fixed income funds which hold bonds and debentures. Therefore, there is a credit risk that the bond or debenture issuers will be unable to pay their obligations towards a fixed income fund, and this will have an impact on the assets of the Foundation.

Investment policy

Funds must be managed in adherence to the principles of consistency and continuity. The principle of conservatism predominates when the investment committee is engaged in decision-making and applying strategies.

The objective is to optimize the return on the funds while considering the risk that the Foundation is prepared to assume, as well as specific constraints set out in the investment policy. Risk stems from the uncertainty inherent to several factors (loss in value of specific investments, decrease in fair value caused by financial market fluctuations, etc.), the combined actions of which could have consequences on the Foundation's ability to meet its commitments.

Return is optimized through an ideal combination of financial assets, diversification and sufficient latitude to use investment vehicles with higher return potential depending on the periods.

11. Related party transactions

Transactions conducted with the Montreal Heart Institute, which is a related party, as well as related accounts receivable and accounts payable, are presented separately in the financial statements and in the notes to the financial statements, with the exception of an amount of \$85,041 (\$654,466 in 2023) included in *Accounts receivable*, and an amount of \$7,829,744 (\$5,987,080 in 2023) included in *Accounts payable and accrued liabilities*.

Equipment in an amount of \$2,829,626 (\$6,711,955 in 2023), acquired by the Foundation during the year and remaining its property, was subject to a bargain rent with the Montreal Heart Institute over the useful life of the equipment. This equipment is presented, net of the bargain rent, as equipment contributions.

These transactions are within the normal course of operations and are measured at the exchange amount.