

University of Ottawa Heart Institute Foundation

Financial Statements
March 31, 2017



June 8, 2017

Independent Auditor's Report

To the Directors of University of Ottawa Heart Institute Foundation

We have audited the accompanying financial statements of University of Ottawa Heart Institute Foundation ("the Foundation"), which comprise the statement of financial position as at March 31, 2017 and the statements of operations and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2017 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

The University of Ottawa Heart Institute Foundation

Financial Statements

**Statement of Financial Position
As at March 31**

	General Fund			Restricted Fund			Endowment Fund			Total	
										2017	2016
Assets											
Current assets											
<i>Cash on hand</i>	\$	1,192,408	\$	829,213	\$	-	\$	2,021,621	\$	3,931,887	
<i>HST recoverable</i>		85,457		-		-		85,457		183,022	
<i>Other receivables</i>		39,754		52,010		-		91,764		109,185	
<i>Investments (Note 5)</i>		-		11,156,007		-		11,156,007		11,348,848	
<i>Prepaid Expenses</i>		10,229		-		-		10,229		4,175	
		1,327,848		12,037,230		-		13,365,078		15,577,117	
Investments (Note 5)		-		21,641,533		51,921,952		73,563,485		66,022,649	
Gift agreements (Note 7)		-		1,681,040		178,042		1,859,082		1,836,154	
Research trainee fund (Note 9)		-		-		1,500,000		1,500,000		1,500,000	
	\$	1,327,848	\$	35,359,803	\$	53,599,994	\$	90,287,645	\$	84,935,920	
Liabilities and Fund Balances											
Current liabilities											
<i>Accounts payable</i>	\$	207,546	\$	28,931	\$	3,404	\$	239,881	\$	218,772	
<i>Accrued liabilities</i>		36,653		-		-		36,653		56,713	
<i>Deferred revenue</i>		83,649		-		-		83,649		55,685	
		327,848		28,931		3,404		360,183		331,170	
Fund balances		1,000,000		35,330,872		53,596,590		89,927,462		84,604,750	
	\$	1,327,848	\$	35,359,803	\$	53,599,994	\$	90,287,645	\$	84,935,920	

Commitments (Note 10)

The accompanying notes are an integral part of these financial statements

Summary Statement of Operations and Changes in Fund Balances

For the year ended March 31

	2017	2016
	Actual	Actual
REVENUE		
<i>Leadership gifts program</i>	\$ 8,117,966	\$ 6,940,688
<i>Restricted, endowed & other gifts program</i>	3,416,687	5,747,526
<i>Corporate gifts & events program</i>	1,157,477	1,047,350
<i>Direct mailout program</i>	1,176,003	1,275,773
<i>Tributes program</i>	280,047	231,100
	14,148,180	15,242,437
<i>Bank interest</i>	22,168	35,009
<i>Dividend & interest</i>	1,167,582	1,450,545
<i>Realized gains on investments</i>	4,538,300	4,081,945
<i>Change in unrealized gains (losses) on investments</i>	1,893,927	(6,198,721)
	\$ 21,770,157	\$ 14,611,215
EXPENSE		
Administration	\$ 656,635	\$ 674,529
Fundraising activities		
<i>Capital & planned gifts program</i>	\$ 508,607	\$ 347,405
<i>Restricted, endowed & other gifts program</i>	704,095	743,768
<i>Corporate gifts & events program</i>	375,735	362,820
<i>Direct mailout program</i>	464,815	561,255
<i>Communications and marketing</i>	227,123	250,964
<i>Tributes program</i>	21,325	50,518
<i>Benefactor relations & stewardship program</i>	12,741	45,159
	2,314,441	2,361,889
	2,971,076	3,036,418
Available for allocation	\$ 18,799,081	\$ 11,574,797
Allocations		
<i>Capital programs</i>	\$ 6,438,666	\$ -
<i>Clinical programs</i>	1,531,444	100
<i>Education programs</i>	325,550	313,325
<i>Equipment purchases</i>	631,836	718,429
<i>Research programs</i>	4,431,113	5,187,997
<i>French programs</i>	103,023	105,178
<i>Other programs</i>	14,737	72,667
	13,476,369	6,397,696
Net revenue for the period	\$ 5,322,712	\$ 5,177,101
Fund balances		
<i>Beginning of year</i>	84,604,750	79,427,649
<i>Transfers between funds</i>	-	-
End of year	\$ 89,927,462	\$ 84,604,750

Statement of Operations and Changes in Fund Balances
For the year ended March 31

	General Fund		Restricted Fund		Endowment Fund	
	2017	2016	2017	2016	2017	2016
REVENUE						
<i>Leadership contributions</i>	\$ 1,376,811	\$ 2,394,203	\$ 6,741,155	\$ 4,546,485	\$ -	\$ 3,108,809
<i>Other contributions</i>	318,802	289,872	2,199,471	2,348,845	898,414	-
<i>Corporate gifts & events program</i>	1,057,077	928,350	100,400	119,000	-	-
<i>Direct mailout program</i>	1,174,632	1,189,148	1,371	86,625	-	-
<i>Tributes program</i>	280,047	231,100	-	-	-	-
	4,207,369	5,032,673	9,042,397	7,100,955	898,414	3,108,809
<i>Bank interest</i>	22,168	35,009	-	-	-	-
<i>Dividend & interest</i>	1,027,743	1,371,361	139,839	79,184	-	-
<i>Realized gains (losses) on investments</i>	4,538,300	4,081,945	-	-	-	-
<i>Change in unrealized gains (losses) on investments</i>	-	-	19,626	38,799	1,874,301	(6,237,520)
	\$ 9,795,580	\$ 10,520,988	\$ 9,201,862	\$ 7,218,938	\$ 2,772,715	\$ (3,128,711)
EXPENSE						
Administration						
<i>Salaries & benefits</i>	\$ 416,969	\$ 434,616	\$ -	\$ -	\$ -	\$ -
<i>Professional fees</i>	34,750	29,467	-	-	-	-
<i>Office</i>	49,326	62,228	-	-	-	-
<i>Rent</i>	42,934	47,828	-	-	-	-
<i>Memberships</i>	3,549	6,033	-	-	-	-
<i>Computer</i>	95,771	77,522	-	-	-	-
<i>Staff development</i>	5,152	5,118	-	-	-	-
<i>Fees from restricted/endedowment revenue</i>	(119,798)	(450,676)	110,948	205,392	8,850	245,284
<i>Other</i>	8,184	11,717	-	-	-	-
	536,837	223,853	110,948	205,392	8,850	245,284
Fundraising activities						
<i>Leadership gifts program</i>	\$ 508,607	\$ 347,405	\$ -	\$ -	\$ -	\$ -
<i>Restricted, major & endowed gifts program</i>	704,095	743,768	-	-	-	-
<i>Corporate gifts & events program</i>	375,735	361,722	-	1,098	-	-
<i>Direct mailout program</i>	464,815	561,255	-	-	-	-
<i>Communications & marketing</i>	227,123	250,964	-	-	-	-
<i>Tributes program</i>	21,325	50,518	-	-	-	-
<i>Benefactor relations & stewardship program</i>	12,741	45,159	-	-	-	-
	2,314,441	2,360,791	-	1,098	-	-
	\$ 2,851,278	\$ 2,584,644	\$ 110,948	\$ 206,490	\$ 8,850	\$ 245,284
Available for allocation	\$ 6,944,302	\$ 7,936,344	\$ 9,090,914	\$ 7,012,448	\$ 2,763,865	\$ (3,373,995)
Allocations						
<i>Capital programs</i>	\$ 2,323	\$ -	\$ 6,436,343	\$ -	\$ -	\$ -
<i>Clinical programs</i>	-	-	1,427,569	(3,175)	103,875	3,275
<i>Education programs</i>	100,000	-	205,525	267,495	20,025	45,830
<i>Equipment purchases</i>	-	-	610,186	699,979	21,650	18,450
<i>Research programs</i>	1,144,762	1,200,000	1,540,527	1,898,234	1,745,824	2,089,763
<i>French programs</i>	-	-	103,023	105,178	-	-
<i>Other programs</i>	-	4,936	13,487	66,481	1,250	1,250
	\$ 1,247,085	\$ 1,204,936	\$ 10,336,660	\$ 3,034,192	\$ 1,892,624	\$ 2,158,568
Net revenue (expense) for the period	\$ 5,697,217	\$ 6,731,408	\$ (1,245,746)	\$ 3,978,256	\$ 871,241	\$ (5,532,563)
Fund balances						
<i>Beginning of year</i>	1,001,226	1,022,378	30,369,299	16,878,870	53,234,225	61,526,401
<i>Transfers between funds</i>	(5,698,443)	(6,752,560)	6,207,319	9,512,173	(508,876)	(2,759,613)
End of year	\$ 1,000,000	\$ 1,001,226	\$ 35,330,872	\$ 30,369,299	\$ 53,596,590	\$ 53,234,225

The University of Ottawa Heart Institute Foundation
Financial Statements

Statement of Cash Flows
For the Period Ended March 31

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
<i>Cash donations</i>	\$ 13,531,242	\$ 14,459,145
<i>Investment income</i>	22,168	35,009
	<u>13,553,410</u>	<u>14,494,154</u>
<i>Cash paid for</i>		
<i>Administration</i>	\$ (661,640)	\$ (855,508)
<i>Fundraising</i>	(2,314,441)	(2,361,888)
<i>Restricted Allocations</i>	(12,229,284)	(5,192,760)
<i>General Allocations</i>	(1,247,085)	(1,204,937)
	<u>\$ (2,899,040)</u>	<u>\$ 4,879,061</u>
Cash flows from investing activity		
<i>Sale (purchase) of Investments</i>	\$ 988,774	\$ (3,986,342)
Net change in cash during the year	(1,910,266)	892,719
Cash - Beginning of year	\$ <u>3,931,887</u>	\$ <u>3,039,168</u>
Cash - End of year	<u>\$ 2,021,621</u>	<u>\$ 3,931,887</u>

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

Endowed Funds - Detail

As at March 31, 2017

Endowed Chairs	Fund Balance	Endowed Research Fellowships	Fund Balance
Donald S. Beanlands Cardiac Education Chair	2,080,800	Jan & Ian Craig Research Fellowship in Prevention & Rehabilitation	1,040,400
Saul & Edna Goldfarb Cardiac Imaging Chair	2,080,800	Ernest & Margaret Ford Research Fellowship in Cardiology	1,040,400
Cardiac Surgery Research Chair	2,080,800	Strategic Research Fellowship Allan & Margaret Buchanan	
Cardiac Valve Surgery Research Chair	2,080,800	Endowment Fund	133,669
Strategic Research Chair	1,500,000	Designated Funds	468,158
Electrophysiology Leadership Chair	2,080,800	General Endowed Funds	<u>438,573</u>
Gordon F. Henderson Leadership Chair	2,080,800	Lawrence Soloway Research Fellowship in Cardiac Surgery	1,040,400
Interventional Cardiology Research Chair	2,080,800	University of Ottawa Cardiology Research Endowment Fund for Fellowships and Graduate Students at the Heart Institute (Research Trainee Fund; Fdn portion)	1,500,000
Merck Frosst Canada Atherosclerosis	2,080,800	Whit & Heather Tucker Research Fellowship in Cardiology	1,040,400
Pfizer Hypertension Research Chair	2,080,800	Vered - Beanlands Research Fellowship	1,040,500
Michael Pitfield Cardiac Surgery Chair	2,080,800	Chan Kaufman Fellowship	<u>1,040,400</u>
Vered Cardiology Chair	2,080,800	Total Research Fellowships	<u>8,782,900</u>
Women's Heart Health Term Chair (Restricted)	<u>1,500,000</u>	Endowed Lectureships	
Total Endowed Chairs	<u>24,388,800</u>	J. Earl Wynands Lectureship in Cardiac Anaesthesia	260,100
Named Funds refer Schedule A(2)	6,005,880	Cardiac Nursing Lectureship	260,100
Benefactor gifts	6,635,565	Anand & Saroj Aggarwal Endowed Lectureship for South Asian Heart Health	260,100
Gift Agreements	178,042	Sheila & Don Bayne Cardiovascular Genetics Lectureship	260,100
Unrealized gain	<u>5,264,353</u>	Peter & Eva Foustanelas Cardiac Surgery Lectureship	260,100
	<u>12,077,960</u>	Wilbert J. Keon Lectureship	260,100
		Margaret & Theodore Marr Family Lectureship in Electrophysiology	260,250
		Michael Potter & Véronique Dhieux Cardiovascular Genetics Lectureship	260,100
		Servier Canada Heart Function Lectureship	<u>260,100</u>
		Total Lectureships	<u>2,341,050</u>
		Total Endowed Funds	<u>53,596,590</u>

Endowed Funds - Detail
As at March 31, 2017

Named Funds	Fund Balance		Fund Balance
Heart Institute Priorities		Research	
M & S Barber Family	14,945	Jack & Florence Akeroyd	39,924
Borden, Ladner, Gervais	25,500	Don & Marion Baker Family	35,415
Nancy Bracken Watson Fund	17,600	Howard Barnes Family Fund (EP Lab)	24,918
Arden Brooks Memorial	88,005	Manjit & Jagtar Basi Family	30,000
Beverley Ann & Daniel Cantor Family	21,106	Hartwig Bauer Memorial	67,160
Neta Clarke Fund	10,000	C Brown & D Piragoff Fund	10,000
Kevin Dee & Janice Grantham	30,000	Anthony S. Brunst Fund in CV Genetics	51,684
George & Marion Douglas Fund	25,146	Marcia & Barry Cantor Family	20,333
Horace G Dunbar Family	41,505	Leonard & Georgette Carter	10,404
W H Eastwood Endowment Fund	95,838	Jacques & Ellen Emond Fund	67,412
Serge & Jeanne Emalyanov	12,340	Firestone Family Fund in CV Genetics	85,937
Paul Faynwachs Family Fund	119,400	Mark & Sandy Goldstein Family Endowment	10,645
Eglantine & Fernand Fortin Family	10,222	Doris Hay Endowment	10,000
Nora Greene Auxiliary Endowment Fund	76,630	Russell & Arlene Hensel	18,417
Pawan & Sudha Gupta Family	11,875	John & Margaret Hope	15,819
Jack & Doreen Gurney Memorial Fund	56,506	Dwayne & Bonnie May Hutt	5,202
Clifford Hanson Family	10,840	Daniel & Marilyn Kimmel Endowment Fund	41,727
Trish & Tom Hewitt Family	10,200	Dr & Mrs Theodore H Leggett Family	91,585
Herzog Family Endowment Fund	14,550	Dr André & Pauline Lizotte Family	3,756
Donald & Lorraine Hill Fund	761,400	Karen Meades & Mike Stashin Family	10,404
Iny Family Fund	176,200	Herb Nadolny Endowment	31,545
Lazar Family Endowment Fund	59,264	Peter Parsons Endowment Fund	31,696
H T Macfarlane Memorial	37,983	Primecorp Endowment	50,373
Gerald & Carol Morin Family Endowment	12,336	Gregory Poupore-Poole (Cardiology)	52,020
Louis & Pauline Moyd	103,643	John P & Georgina Ruddy Endowment	63,129
E Peter Newcombe, QC Fund	33,754	John J Sebisty Endowment Fund	101,180
George Nichols Memorial	11,094	Oakley & Pam Semple Fund	10,000
Natale & Micheline Giust Fund	20,000	Marion Southam Memorial	50,000
Nicolas Pantieras Family Fund	8,190	Betty & Fraser Wright Memorial	271,555
Christopher Paterson Memorial	10,498	Joseph & Inez Zelikovitz Endowment Fund	1,002,110
Charles Polowin Fund	15,434		
Peter & Canin Potentsianakis	30,000	Education	
Steven Ramphos Fund	13,875	Steven & Janet Gallant Endowment Fund	33,327
Michael Rooney Endowment Fund	60,377	Lorry & Carol Greenberg	35,719
Greg & Lisa Roscoe Fund	9,314	Leacross Foundation / Roslyn Bern	
Shelley & Sidney Rothman Memorial	78,643	Fund for Bio-Medical Education	300,000
Sol & Laya Shabinsky Fund	105,620	David & Grace Meredith Endowment	112,394
Soloway Wright LLP	30,510	Dr Evan Patrick Endowment	48,287
Renata & William Watkin Family	62,800	Howard & Doris Polk Endowment	31,718
		Botho von Hampeln (Prev. & Rehabilitation)	94,000
Equipment		Donald & Audrey Williams Endowment	55,687
Anderson Endowment Fund	129,585		
J Laperriere Endowment Fund	357,298	Clinical	
		Denise Walton Endowment Fund	76,000
Patient Support		G & M Mayhew Endowment	34,890
Allen S Gertsman Memorial Fund	27,588	Fabian Stern Memorial Fund	11,747
		Malcolm & Vera Glube Family End	10,151
		Total Named Funds	<u>6,005,880</u>

University of Ottawa Heart Institute Foundation

Notes to the Financial Statements

March 31, 2017

1 Incorporation and 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 and the Ottawa Heart Institute Research Corporation.

2 Income Tax Status

The Foundation is a registered charity and, as such, is exempt from income taxes under subsection 149(1)(f) of the *Income Tax Act*.

3 Significant Accounting Policies

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.

Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund 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.

a. General fund

The general fund was established to coordinate all fundraising activities of the University of Ottawa Heart Institute. The fund reports unrestricted contributions which are disbursed with the approval of the Board of Directors.

b. Restricted fund

The restricted fund reports only restricted resources that are to be used for capital, clinical, education, equipment, research, French or other programs as specified by the donor.

University of Ottawa Heart Institute Foundation

Notes to the Financial Statements

March 31, 2017

c. Endowment fund

The endowment fund reports resources contributed for endowment. Income generated is used to support clinical, education, equipment, research or other programs as specified by the donor, or as directed by the Board of Directors.

Investments

Investments are recorded at fair market value, including interest and dividend revenue receivable. Realized and unrealized gains and losses together with interest and dividend revenue are reported as revenue in the statement of operations and changes in fund balances.

Gift agreements

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.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

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

Restricted and endowed contributions are recognized as revenue of the appropriate fund if the amount can be reasonably estimated and collection is reasonably assured.

Interest and dividend income earned on fund resources is recognized as revenue of the related fund.

Contributed material and services

Contributed material and services, other than gifts of shares, are not recognized in the financial statements. Gifts of shares are recorded at fair value at the time of contribution.

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 balance sheet 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 net revenue (expense) for the period.

University of Ottawa Heart Institute Foundation

Notes to the Financial Statements

March 31, 2017

4 Financial Instruments

Interest rate risk

The Foundation is exposed to cash flow risk on its cash on hand as cash flows are based on floating rates of interest. Floating interest rates are 0.70% (2016-0.70%), based upon the Prime rate less 2.00%. The Foundation is exposed to price risk on its investments to the extent that they bear interest at fixed rates. The Foundation's fixed rate investments amount to \$27,591,526 (2016-\$26,565,880) at interest rates of 1.7% to 9.9% (2016-1.88% to 10.50%), with maturity dates ranging from May 30, 2017-December 21, 2051 (2016-June 17, 2016 to August 25, 2040).

Currency risk

The Foundation is exposed to risk from changes in foreign currency rates. As of March 31, 2017, the Foundation's total investment in non-Canadian equities had a market value of \$27,377,359 (2016-\$23,456,402).

Market risk

The Foundation holds investments in a broad range of sectors that are subject to market risk and the value of the investments will fluctuate as a result of changes in market prices.

University of Ottawa Heart Institute Foundation

Notes to the Financial Statements

March 31, 2017

5 Investments

	2017			2016		
	Cost	Market Value		Cost	Market Value	
	\$	\$	%	\$	\$	%
Current Investments						
Cash	766,385	766,385	0.9	99,065	99,065	0.1
Hollis Cash (Bldg Fund)	10,389,622	10,389,622	12.3	11,249,783	11,249,783	14.6
Total	\$ 11,156,007	\$ 11,156,007	13.2	\$ 11,348,848	\$ 11,348,848	14.7
Long-Term Investments						
Canadian Federal	13,029	12,781	0.0	202,391	202,658	0.3
Canadian Provincial	125,811	134,488	0.2	133,998	144,308	0.2
Canadian Corporate	6,472,322	7,518,787	8.9	6,316,182	6,345,347	8.2
Canadian Income Funds	14,497,859	14,765,934	17.4	14,079,228	14,242,186	18.4
Canadian Fixed Income	21,109,021	22,431,990	26.5	20,731,799	20,934,499	27.1
International Fixed Income	5,474,678	5,159,536	6.1	5,631,831	5,631,381	7.2
Canadian Equities	9,129,963	10,388,150	12.3	8,192,613	8,971,375	11.6
International Equities	2,159,274	2,637,529	3.1	1,592,007	1,636,148	2.1
Global Equities	22,671,678	24,739,830	29.2	20,082,424	21,820,254	28.2
Equities	33,960,915	37,765,509	44.6	29,867,044	32,427,777	41.9
Alternative Investments	7,413,531	8,206,450	9.6	6,421,279	7,028,345	9.1
Other	-	-	-	647	647	0.0
Total	\$ 67,958,145	\$ 73,563,485	86.8	\$ 62,652,600	\$ 66,022,649	85.3

6 Contributed Materials and Services

During the year, the Foundation received \$1,064,039 (2016-\$771,011) of gifts in kind for which it has issued charitable receipts. Gifts of shares make up \$736,960 (2016-\$640,647) of this total and are included in campaign & planned gifts & major & other gifts revenue on the statement of operations and changes in fund balances. 75 volunteers contributed approximately 3,000 hours during the fiscal year to assist the Foundation with its activities. The value of the services has not been recorded in the financial statements.

University of Ottawa Heart Institute Foundation

Notes to the Financial Statements

March 31, 2017

7 Gift Agreements

The Foundation has 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 \$3,035,000 and the maturity value of trust policies is \$152,314 for a total of \$3,187,314 (2016-\$3,240,672).

The Foundation has been named beneficiary of irrevocable gift agreements which will result in future cash flows to the Foundation of \$2,180,000 (2016-\$2,180,000). The actuarial present values of these irrevocable gift agreements total \$1,859,082 (2016-\$1,836,154).

8 Pension

The employees of the Foundation participate in two pension plans. In addition to a defined contribution plan (DCP) established in 2005, where the Foundation matches employee contributions to this plan to a maximum of 8.125% of the employee's salary, the Foundation joined the Hospitals 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, 2016, 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. Insufficient information is available to determine the Foundation's portion of the pension assets and liabilities as of March 31, 2017.

9 Research Trainee Fund

On April 4, 2008, the Foundation entered into an agreement with the University of Ottawa (uOttawa), where the Foundation and uOttawa 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 uOttawa. The fund shall be used exclusively for cardiac research at the University of Ottawa Heart Institute (Heart Institute), and decisions regarding the use of the fund will be made by the Heart 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. The Foundation's portion of this fund is shown on the financial statements as 'Research trainee fund'.

University of Ottawa Heart Institute Foundation

Notes to the Financial Statements

March 31, 2017

10 Commitments

The Foundation has entered into a lease agreement for equipment with Neopost Leasing Services Canada Limited ending September 30, 2019. Lease payments are required as follows:

Year ending March 31, 2018	\$18,155
2019	\$18,155
2020	\$9,078

The Foundation has also signed a lease agreement for office space with the Ottawa Hospital Residence Corporation ending March 31, 2020. Payments are required as follows:

Year ending March 31, 2018	\$80,546
2019	\$82,157
2020	\$83,800

11 Related Party Transactions and Balances

The University of Ottawa Heart Institute and the Ottawa Heart Institute Research Corporation are related to the Foundation as the Foundation holds resources that are used to benefit these entities.

The following allocations to the University of Ottawa Heart Institute are included in expense:

Capital programs	\$6,438,666 (2016-\$nil)
Clinical programs	\$1,160,000 (2016-\$47,550)
Equipment purchases	\$441,622 (2016-\$499,149)

Included in accounts payable is \$25,176 (2016-\$nil) owing to the University of Ottawa Heart Institute. This amount is non-interest bearing and has no specified terms of repayment.

The following allocations to the Ottawa Heart Institute Research Corporation are included in expense:

Clinical programs	\$371,352 (2016-\$nil)
Equipment purchases	\$nil (2016-\$11,401)
Research programs	\$4,357,819 (2016-\$5,239,567)

University of Ottawa Heart Institute Foundation

Notes to the Financial Statements

March 31, 2017

Included in accounts payable is \$166,866 (2016-\$145,847) owing to the Ottawa Heart Institute Research Corporation. This amount is non-interest bearing and has no specified terms of repayment.

These allocations are considered to be in the normal course of operations, and are measured at fair value at the date of the contribution.

12 Government Remittances

Government remittances of \$33,617 (2016-\$24,748) are included in accounts payable. Remittances are payroll withholding amounts.

13 Credit Facilities

During the year, the Foundation entered into a credit facility with the Royal Bank of Canada to provide up to \$20,000,000 in borrowing subject to the Foundation's cash flow requirements. This financing is composed of a fixed rate facility (\$10,000,000) and a floating rate facility (\$10,000,000).

The fixed rate facility consists of a forward contract to draw down \$10,000,000 on January 31, 2018, at a floating interest rate, combined with an interest rate swap that will fix the interest at 2.44% for the 10-year term. As of March 31, 2017, no unrealized gains or losses were recorded and the Foundation was not exposed to interest rate and inflation risk as the swap agreement will not take effect until January 31, 2018.

The floating rate facility is available on demand, maturing on March 31, 2020, and bears interest at prime minus 75 basis points. No amount had been borrowed as at March 31, 2017.

Both facilities are collateralized by a first ranking security interest in all personal property of the Foundation. They are also guaranteed by University of Ottawa Heart Institute in the form of a second ranking security in all of its personal property.