

Financial Statements of

**UNIVERSITY OF OTTAWA
HEART INSTITUTE FOUNDATION**

Year ended March 31, 2021

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Financial Statements

Year ended March 31, 2021

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INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, and its results of operations, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Other Matter – Comparative Information

The financial statements for the year ended March 31, 2020 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 18, 2020.

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.

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' 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 auditors' 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.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

(date)

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

				Total	
	General Fund	Restricted Fund	Endowment Fund	2021	2020
Assets					
Current assets					
Cash and cash equivalents	\$ 2,133,119	\$ 3,558,734	\$ -	\$ 5,691,853	\$ 1,902,623
Accounts receivable	70,716	13,338,018	-	13,408,734	453,036
Investments (Note 5)	-	886,636	-	886,636	2,047,065
Prepaid expenses	4,097	32,046	-	36,143	44,137
	<u>2,207,932</u>	<u>17,815,434</u>	<u>-</u>	<u>20,023,366</u>	<u>4,446,861</u>
Investments (Note 5)	-	25,141,340	45,082,137	70,223,477	57,758,315
Capital assets (Note 6)	40,930	-	-	40,930	-
Gift agreements (Note 7)	-	1,835,363	-	1,835,363	1,793,284
Research trainee fund (Note 9)	-	-	1,500,000	1,500,000	1,500,000
	<u>\$ 2,248,862</u>	<u>\$ 44,792,137</u>	<u>\$ 46,582,137</u>	<u>\$ 93,623,136</u>	<u>\$ 65,498,460</u>
Liabilities and Fund Balances					
Current liabilities					
Current portion of long-term debt (Note 10)	\$ -	\$ 963,000	\$ -	\$ 963,000	\$ 939,000
Accounts payable and accrued liabilities	221,773	127,225	-	348,998	682,010
Unrealized loss on interest rate swap (Note 10)	-	216,444	-	216,444	370,896
Deferred revenue	14,353	-	-	14,353	50,052
	<u>236,126</u>	<u>1,306,669</u>	<u>-</u>	<u>1,542,795</u>	<u>2,041,958</u>
Long term liabilities					
Long term debt (Note 10)	-	6,286,000	-	6,286,000	7,249,000
Total Liabilities	<u>236,126</u>	<u>7,592,669</u>	<u>-</u>	<u>7,828,795</u>	<u>9,290,958</u>
Fund balances					
	<u>2,012,736</u>	<u>37,199,468</u>	<u>46,582,137</u>	<u>85,794,341</u>	<u>56,207,502</u>
	<u>2,248,862</u>	<u>44,792,137</u>	<u>46,582,137</u>	<u>93,623,136</u>	<u>65,498,460</u>
Commitments (Note 15)					

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION
SUMMARY STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
REVENUE		
<i>Life support capital campaign</i>	\$ 3,758,889	\$ 5,577,651
<i>Research campaign</i>	2,943,187	-
<i>Restricted, endowed & other gifts program</i>	16,131,185	5,981,929
<i>Corporate gifts & events program</i>	764,490	1,038,534
<i>Direct mailout program</i>	2,019,086	1,859,007
<i>Tributes program</i>	232,112	310,878
	25,848,949	14,767,999
<i>Net investment income (loss) (Note 5)</i>	13,216,628	(2,180,616)
<i>Change in unrealized loss on interest rate swap (Note 10)</i>	154,452	(315,123)
	\$ 39,220,029	\$ 12,272,260
EXPENSE		
Administration	\$ 1,014,196	\$ 994,514
Fundraising activities		
<i>Capital & planned gifts program</i>	\$ 216,791	\$ 281,615
<i>Restricted, endowed & other gifts program</i>	503,249	643,980
<i>Corporate gifts & events program</i>	265,103	395,784
<i>Direct mailout program</i>	496,701	555,164
<i>Communications and marketing</i>	103,335	256,515
<i>Tributes program</i>	29,165	30,073
<i>Benefactor relations & stewardship program</i>	26,376	146,616
	1,640,720	2,309,747
	2,654,916	3,304,261
Available for allocation	\$ 36,565,113	\$ 8,967,999
Allocations		
<i>Capital programs</i>	\$ 132,519	\$ 16,282,392
<i>Clinical programs</i>	150,000	650,000
<i>Education programs</i>	200,915	246,719
<i>Equipment purchases</i>	1,676,997	2,184,567
<i>Research programs</i>	4,716,199	8,329,632
<i>French programs</i>	100,399	107,413
<i>Other programs</i>	1,245	65,629
	6,978,274	27,866,352
Excess (deficiency) of revenue over expenses and allocations	\$ 29,586,839	\$ (18,898,353)
Fund balances		
<i>Beginning of period</i>	56,207,502	75,105,855
End of period	\$ 85,794,341	\$ 56,207,502

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION
SUMMARY STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2021

	General Fund		Restricted		Endowment Fund	
	2021	2020	2021	2020	2021	2020
REVENUE						
Life support capital campaign	\$ 22,000	\$ 7,000	\$ 3,736,889	\$ 5,570,651	\$ -	\$ -
Research campaign	-	-	2,943,187	-	-	-
Other contributions	1,019,439	412,938	14,471,548	5,228,642	640,198	340,349
Corporate gifts & events program	698,785	889,563	65,705	148,971	-	-
Direct mailout program	2,019,086	1,859,007	-	-	-	-
Tributes program	232,112	310,878	-	-	-	-
	3,991,422	3,479,386	21,217,329	10,948,264	640,198	340,349
Net investment income (Note 5)	13,216,628	(2,180,616)	-	-	-	-
Change in unrealized loss on interest rate swap (Note 10)	-	-	154,452	(315,123)	-	-
	\$ 17,208,050	\$ 1,298,770	\$ 21,371,781	\$ 10,633,141	\$ 640,198	\$ 340,349
EXPENSE						
Administration						
Salaries & benefits	\$ 444,019	\$ 428,757	\$ -	\$ -	\$ -	\$ -
Loan Interest and fees	-	-	190,695	217,531	-	-
Professional fees	26,851	47,075	-	-	-	-
Office	42,561	49,690	-	-	-	-
Rent	59,322	53,208	-	-	-	-
Memberships	4,599	6,249	-	-	-	-
Computer	227,703	174,544	-	-	-	-
Staff development	451	2,532	-	-	-	-
Depreciation	6,602	8,404	-	-	-	-
Fees from restricted/endowed revenue	(14,802)	(47,075)	9,402	24,867	5,400	22,208
Other	11,393	6,524	-	-	-	-
	808,699	729,908	200,097	242,398	5,400	22,208
Fundraising activities						
Leadership gifts program	\$ 216,791	\$ 281,615	\$ -	\$ -	\$ -	\$ -
Restricted, Major & endowed gifts program	503,249	643,980	-	-	-	-
Corporate gifts & events program	263,514	345,897	1,589	49,887	-	-
Direct mailout program	496,701	555,164	-	-	-	-
Communications and marketing	103,335	256,515	-	-	-	-
Tributes program	29,165	30,073	-	-	-	-
Benefactor relations & stewardship program	26,376	146,616	-	-	-	-
	1,639,131	2,259,860	1,589	49,887	-	-
	\$ 2,447,830	\$ 2,989,768	\$ 201,686	\$ 292,285	\$ 5,400	\$ 22,208
Available for allocation	\$ 14,760,220	\$ (1,690,998)	\$ 21,170,095	\$ 10,340,856	\$ 634,798	\$ 318,141
Allocations						
Capital programs	\$ -	\$ -	\$ 132,519	\$ 16,282,392	\$ -	\$ -
Clinical programs	-	-	150,000	650,000	-	-
Education programs	120,000	80,000	74,080	155,369	6,835	11,350
Equipment purchases	-	-	1,654,857	2,184,567	22,140	-
Research programs	-	-	2,660,357	6,692,923	2,055,842	1,636,709
French programs	-	-	100,399	107,413	-	-
Other programs	-	-	-	65,629	1,245	-
	120,000	80,000	4,772,212	26,138,293	2,086,062	1,648,059
Net revenue (expense) for the period	\$ 14,640,220	\$ (1,770,998)	\$ 16,397,883	\$ (15,797,437)	\$ (1,451,264)	\$ (1,329,918)
Fund balances						
Beginning of year	(4,635,486)	6,357,556	16,228,341	24,240,985	44,614,647	44,507,314
Transfers between funds	(7,991,998)	(9,222,044)	4,573,244	7,784,793	3,418,754	1,437,251
End of period	\$ 2,012,736	\$ (4,635,486)	\$ 37,199,468	\$ 16,228,341	\$ 46,582,137	\$ 44,614,647

The accompanying notes are an integral part of these financial statements

**UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
Cash flows from operating activities		
Cash donations and contributions	\$ 11,945,119	\$ 15,830,074
Cash paid for		
Administration	(1,332,613)	(480,322)
Fundraising	(1,640,720)	(2,309,747)
Restricted allocations	(6,858,274)	(27,786,352)
General allocations	(120,000)	(80,000)
	1,993,512	(14,826,347)
Cash flows from financing activity		
Repayment of long-term debt	(939,000)	(917,000)
Cash flows from investing activity		
Net change in investments	2,734,718	15,000,456
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	3,789,230	(742,891)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,902,623	2,645,514
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,691,853	\$ 1,902,623

Cash and cash equivalents are comprised of cash.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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 ('the Heart Institute') and the Ottawa Heart Institute Research Corporation ('OHIRC'). The Foundation is a registered charity under the Income Tax Act 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 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. Transfers between the funds are made when it is considered appropriate or authorized by the Board of Directors. These interfund transfers are recorded in the statement of operations and changes in fund balances.

(i) General fund:

The General fund was established to coordinate all fundraising activities of the Foundation. The fund reports unrestricted contributions and net investment income which are disbursed with the approval of the Board of Directors.

(ii) 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.

(iii) 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.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

2. Significant accounting policies (continued):

(b) Revenue recognition:

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

Donations are recorded as revenue when received. 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, they are not recorded until received.

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.

Endowed contributions are recognized as revenue of the Endowment fund if the amount can be reasonably estimated and collection is reasonably assured. Endowed contributions represent funds received where only the income earned from the investment received can be expensed.

Unrestricted net investment income includes interest income, dividend income, income distributions from pooled funds and realized and unrealized gains (losses) on investments. Investment income is recognized when earned. Investment income is recorded in the statement of operations of the General fund when it is not externally restricted. Investment income is allocated to the restricted fund and endowment fund by way of interfund transfers in accordance with the internal policies of the Foundation. Investment income subject to restrictions is recognized in the restricted or endowed funds as established by the specific restrictions.

(c) 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.

(d) Allocated expenses:

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.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

2. Significant accounting policies (continued):

(e) 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 its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and financial assets designated at fair value at initial recognition, which are measured at fair value. Changes in fair value are recognized in operations.

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 tested for impairment when 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 directly to the higher 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 amount that would have been reported at the date of the reversal had the impairment not been recognized previously. 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

Year ended March 31, 2021

2. Significant accounting policies (continued):

(e) Financial instruments:

(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 for the period.

(f) Intangible assets:

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

(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) Cash and cash equivalents:

The Foundation's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that may fluctuate from being positive to overdrawn.

(i) Pension plans:

The Foundation participates in a multi-employer defined contribution and in a multi-employer defined benefit plan (Hospitals 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.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

2. Significant accounting policies (continued):

(j) 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. The most significant estimate used in the preparation of the financial statements relates to the fair value of the life insurance policies included in the gift agreements.

3 Allocated expenses:

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

	2021	2020
Administration	\$ 440,157	428,757
Fundraising activities:		
Capital and planned gifts program	156,767	211,874
Restricted, endowed and other gifts program	502,055	603,804
Corporate gifts and events program	182,873	207,147
Direct mailout program	275,792	249,886
Tributes program	13,200	13,200
	\$ 1,570,844	\$ 1,714,668

During the period, approximately \$240,000 was received through the Canadian Emergency Wage Subsidy program (CEWS).

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

4 Contributed materials and services:

During the year, the Foundation received \$1,339,554 (2020: \$1,119,812) of gifts in kind for which it has issued charitable receipts. Gifts of shares make up \$887,895 (2020: \$1,069,878) of this total and are included in fundraising revenue in the statement of operations and changes in fund balances. Contributed materials other than gifts of shares are not recognized in the financial statements. Also, seventy-five (75) volunteers contributed approximately two thousand (2,000) hours during the fiscal year to assist the Foundation with its activities. The value of these services has not been recorded in the financial statements.

5 Investments:

	2021			2020		
	Cost \$	Market Value \$	%	Cost \$	Market Value \$	%
Current portion of investments						
Cash	886,636	886,636	1.2	2,047,065	2,047,065	3.4
Long-term investments						
Canadian fixed income						
Provincial bonds	–	–	–	97,909	99,054	0.2
Corporate bonds	–	–	–	5,075,565	5,090,490	8.5
Canadian income funds	–	–	–	13,391,500	13,516,371	22.6
Canadian equity – pooled funds	25,855,239	25,194,137	35.5	–	–	–
	25,855,239	25,194,137	35.5	18,564,974	18,705,915	31.3
International fixed income	–	–	–	2,808,245	2,943,935	4.9
Equities held in pooled funds						
Canadian	13,067,338	13,716,970	19.3	7,001,103	5,738,556	9.6
Global	24,641,210	24,139,632	33.9	24,407,953	24,700,143	41.3
	37,708,548	37,856,602	53.2	31,409,056	30,438,699	50.9
Alternative investments held in pooled fund	7,138,387	7,172,738	10.1	5,070,402	5,669,766	9.5
Total long-term investments	70,702,174	70,223,477	98.8	57,852,677	57,758,315	96.6
	71,588,810	71,110,113	100.0	59,899,742	59,805,380	100

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

5. Investments (continued):

Investment income earned on the Foundation's assets consist of the following:

	2021	2020
Interest, dividends and fees	\$ 1,176,045	\$ 1,128,632
Realized gains on investments	12,419,480	1,106,549
Unrealized gains (losses) on investments	(378,897)	(4,415,797)
	<u>\$ 13,216,628</u>	<u>\$ (2,180,616)</u>

6. Intangible assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Donor wall monitors	\$ 47,531	\$ 6,601	\$ 40,930	\$ —

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 \$1,710,000 and the maturity value of trust policies is \$163,212 for a total of \$1,873,212 (2020: \$3,126,119).

The Foundation has been named beneficiary of irrevocable gift agreements which will result in future cash flows to the Foundation of \$2,000,000 (2019: \$2,000,000). The actuarial present values of these irrevocable gift agreements total \$1,835,363 (2020: \$1,793,284).

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

8. 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, 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.

9 Pledges receivable:

As of March 31, the Foundation's outstanding pledges expected from its benefactors, and directed to the Heart Institute's Life Support Capital Project (LSCP) and other projects were as follows:

Outstanding Pledges due	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	After 2026	Total
Life Support Capital Project	\$ 1,818,869	\$ 3,078,507	\$ 2,097,732	\$ 2,379,983	\$ 397,733	\$ 2,376,823	\$ 12,149,647
Cardiac Surgical Robotics	151,000	101,000	1,000	1,000	1,000	–	255,000
Women's Heart Health	101,800	1,800	1,800	1,800	1,800	3,600	112,600
Magnetic Resonance Imaging	–	–	200,000	–	–	–	200,000
Research Innovation	–	7,143	7,143	7,143	7,143	7,143	35,715
	\$ 2,071,669	\$ 3,188,450	\$ 2,307,675	\$ 2,389,926	\$ 407,676	\$ 2,387,566	\$ 12,752,962

Due to the uncertainty involved in collecting pledged donations, the timing of collection and the exact amounts to be collected may vary from the amount pledged. The estimated future cash flows of the gift agreements described in Note 7 have been included in the pledges receivable indicated above.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

10 Long term debt and credit facilities:

	2021	2020
Term loan - fixed through a forward SWAP contract at 2.44%, maturing on January 31, 2028, payable in variable quarterly installments, principal and interest (a)	\$ 7,249,000	\$ 8,188,000
Current portion of long-term debt	(963,000)	(939,000)
	<u>\$ 6,286,000</u>	<u>\$ 7,249,000</u>
2022		\$ 963,000
2023		985,000
2024		1,010,000
2025		1,034,000
2026		1,060,000
Thereafter		<u>2,197,000</u>

The Foundation has entered into a credit facility with the Royal Bank of Canada to provide up to \$10,000,000 in borrowing subject to the Foundation's cash flow requirements. This financing consists of a fixed rate facility of \$10,000,000.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

10 Long term debt and credit facilities:

The fixed rate facility consists of a forward contract of which \$10,000,000 was drawn down on January 31, 2018. The interest rate was fixed with an interest rate swap fixing the interest rate at 2.44% for the 10-year term. As at March 31, 2021, the SWAP forward contract showed an unrealized loss of \$216,444.

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

11 Interfund transfers and internally restricted funds:

During the period the Foundation transferred a net amount of \$7,991,998 (2020: \$9,222,044) between the General fund, the Restricted fund and the Endowed fund. These transfers relate to investment income allocation from the General fund to the Restricted and Endowed funds as established by the Foundation's policies. These transfers also include changes in 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 \$37,199,468, is comprised of internally restricted funds in the amount of \$33,568,580 and of donor restricted funds in the amount of \$3,630,888. This amount includes a transfer of funds from the University of Ottawa Heart Institute of \$12,900,000.

12 Capital disclosures:

The Foundation defines capital as its unrestricted, restricted and endowed 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.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

13 Financial Instruments:

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to this risk relating to its cash, investments and accounts receivable. The Foundation holds its cash and investment accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. The Foundation's receivables are mainly from governments, government funding agencies, related parties, not-for-profit organizations and corporate entities. Management does not believe it is exposed to any significant credit risk on these receivables.

(b) Liquidity risk:

Liquidity is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at reasonable costs. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) 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 and floating financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating-rate instruments subject it to cash flow 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 0.45% (2020: 1.95%), based upon the prime rate less 2.00%.

To manage its interest rate risk, the Foundation has entered into an interest rate swap agreement as described in Note 10. Consequently, the Foundation's long-term debt bears interest at a fixed interest rate and, as such, the risk exposure is minimal.

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 \$25,194,137 (2020: \$21,649,850).

(d) 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. As of March 31, 2021, the Foundation's total investment in non-Canadian equities had a market value of \$24,139,632 (2020: \$24,700,143).

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

13 Financial Instruments (continued):

(e) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 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.

The Foundation mitigates the above noted 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.

14 Pension plans:

The employees of the Foundation participate in two pension plans. In addition to a defined contribution plan, 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 March 31, 2021, 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, 2021.

Contributions to the plans made during the year on behalf of its employees amounted to \$1,938 (2020: \$3,224) for the defined contribution plan and amounted to \$115,121 (2020: \$117,240) for the HOOPP plan and are included in the statement of operations.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

15. Commitments:

The Foundation has entered into a lease agreement for equipment with Neopost Leasing Services Canada Limited ending March 31, 2024. Lease payments are required as follows:

2022	\$	17,817
2023		17,817
2024		17,817

The Foundation has also signed a lease agreement for office space with the Ottawa Hospital Residence Corporation ending March 31, 2022. Payments are required as follows:

2022	\$	106,454
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The Foundation has pledged to contribute funds to the Heart Institute in support of the important construction and equipment upgrade project currently underway. The Foundation's budgeted commitment was established at \$63M for construction costs and for medical and other equipment purchases. To date, the Foundation has contributed an amount of \$57.6M against this estimated commitment, leaving a remaining commitment of \$5.4M.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

16. Related party transactions, allocations and balances:

The University of Ottawa Heart Institute (OHI) and the Ottawa Heart Institute Research Corporation (OHIRC) 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:

	2021	2020
Capital programs	\$ 132,519	\$ 16,279,409
Equipment purchases	1,187,175	838,967

Included in accounts receivable is \$12,945,294 (2020: \$Nil) from the University of Ottawa Heart Institute. The amounts represent \$8,900,000 to capital accounts, \$4,000,000 to research accounts and \$45,294 to other accounts. Included in accounts payable is \$132,519 (2020: \$22,085) 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:

	2021	2020
Clinical programs	\$ 298,422	\$ 650,000
Equipment purchases	614,255	457,775
Research programs	5,296,444	8,492,816

Included in accounts receivable is \$393,204 (2020: \$Nil) from the Ottawa Heart Institute Research Corporation. Included in accounts payable is \$104,873 (2020: \$471,881) owing to the Ottawa Heart Institute Research Corp. 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 \$80,306 (2020: \$100,453) 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.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

17. Impact of Coronavirus COVID-19 Pandemic:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, enacting emergency measures to combat the spread of the virus. The COVID-19 pandemic has not had a significant impact on the Foundation to date. The situation is dynamic and continuously evolving, and the ultimate financial impact of the pandemic on the Foundation remains unknown as of the date of the approval of these financial statements.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed at year-end. Management has assessed the financial impacts and there are no adjustments required to the financial statements at this time.

16. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

UNIVERSITY OF OTTAWA HEART INSTITUTE FOUNDATION
 ADDITIONAL INFORMATION
 FOR THE YEAR ENDED MARCH 31, 2021

Schedule A

SCHEDULE A - ENDOWED FUNDS DETAIL

Endowed Chairs	Fund Balance	Endowed Research Fellowships	Fund Balance
Donald S. Beanlands Cardiac Education	\$ 2,080,800	Jan & Ian Craig Research Fellowship in Prevention & Rehabilitation	\$ 1,290,000
Saul & Edna Goldfarb Cardiac Imaging C	2,080,800	Ernest & Margaret Ford Research Fellowship in Cardiology	1,290,000
Cardiac Surgery Research Chair	2,080,800	Strategic Research Fellowship Allan & Margaret Buchanan Endowment Fund	\$ 138,892
Cardiac Valve Surgery Research Chair	2,080,800	Designated Funds	462,935
Strategic Research Chair	1,500,000	General Endowed Funds	<u>438,573</u>
Electrophysiology Leadership Chair	2,080,800	Lawrence Soloway Research Fellowship in Cardiac Surgery	1,290,000
Gordon F. Henderson Leadership 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
Interventional Cardiology Research Chair	2,080,800	Whit & Heather Tucker Research Fellowship in Cardiology	1,290,000
Merck Frosst Canada Atherosclerosis	2,080,800	Vered - Beanlands Research Fellowship	1,290,000
Pfizer Hypertension Research Chair	2,080,800	Chan Kaufman Fellowship	1,290,000
Michael Pitfield Cardiac Surgery Chair	2,080,800	Total Research Fellowships	<u>10,530,000</u>
Vered Cardiology Chair	<u>2,080,800</u>	Endowed Lectureships	
Women's Heart Health Term Chair	<u>721,254</u>	J. Earl Wynands Lectureship in Cardiac Anaesthesia	260,100
Total Endowed Chairs	24,388,800	Cardiac Nursing Lectureship	260,100
Named Funds		Anand & Saroj Aggarwal Endowed Lectureship for South Asian Heart Health	260,100
refer Schedule A(2)	6,501,736	Sheila & Don Bayne Cardiovascular Genetics Lectureship	260,100
Benefactor gifts	2,820,549	Peter & Eva Foustanelas Cardiac Surgery Lectureship	260,100
		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>46,582,137</u>

SCHEDULE B - NAMED FUNDS DETAIL

Named Funds	Fund Balance		Fund Balance
Heart Institute Priorities		Research	
M & S Barber Family	20,995	Jack & Florence Akeroyd	43,317
Borden, Ladner, Gervais	25,500	Don & Marion Baker Family	67,130
Nancy Bracken Watson Fund	22,100	Howard Barnes Family Fund	24,918
Arden Brooks Memorial	89,805	Manjit & Jagtar Basi Family	30,000
Neta Clarke Fund	10,000	Hartwig Bauer Memorial	68,960
Kevin Dee & Janice Grantham	30,000	C Brown & D Piragoff Fund	10,000
George & Marion Douglas Fund	25,146	Marcia & Barry Cantor Family	20,333
Horace G Dunbar Family	48,705	Leonard & Georgette Carter	10,404
W H Eastwood Endowment Fund	95,838	Rodney & Geraldine Davidson Endowment	26,832
Serge & Jeanne Emalyanov	138,340	Jacques & Ellen Emond Fund	67,412
Paul Faynwachs Family Fund	121,200	Firestone Family Fund	87,086
Eglantine & Fernand Fortin Family	10,860	Mark & Sandy Goldstein Family Endowment	10,645
Nora Greene Auxiliary Endowment Fund	77,655	Doris Hay Endowment	10,000
Pawan & Sudha Gupta Family	11,875	Russell & Arlene Hensel	22,217
Jack & Doreen Gurney Memorial Fund	56,506	John & Margaret Hope	15,899
Clifford Hanson Family	10,840	Daniel & Marilyn Kimmel Endowment Fund	41,899
Trish & Tom Hewitt Family	10,200	Dr & Mrs Theodore H Leggett Family	91,585
Herzog Family Endowment Fund	31,070	Dr André & Pauline Lizotte Family	4,311
Donald & Lorraine Hill Fund	946,267	Karen Meades & Mike Stashin Family	10,404
Iry Family Fund	221,137	Herb & Dorothy Nadolny Endowment	31,545
Lazar Family Endowment Fund	59,534	Peter Parsons Endowment Fund	44,789
Hugh T Macfarlane Memorial	38,983	Primecorp Endowment	50,635
Gerald & Carol Morin Family Endowment	12,336	Gerald & Mary-Belle Pulvermacher Fund	300
Louis & Pauline Moyd	103,643	Gul Raisinghani Memorial Fund	22,500
E Peter Newcombe, QC Fund	41,101	John P & Georgina Ruddy Endowment	63,629
George Nichols Memorial	11,094	John J Sebisty Endowment Fund	101,180
Nicolas Pantieras Family Fund	10,785	Marion Southam Memorial	50,000
Christopher Paterson Memorial	10,498	Betty & Fraser Wright Memorial	271,555
Charles Polowin Fund	16,474	Joseph & Inez Zelikovitz Endowment Fund	1,002,110
Peter & Canin Potentsianakis	30,000	Yorkville Asset Management	9,000
Steven Ramphos Fund	13,875		
Michael Rooney Endowment Fund	83,329	Education	
Shelley & Sidney Rothman Memorial	78,643	Steven & Janet Gallant Endowment Fund	58,075
Sol & Laya Shabinsky	106,499	Lorry & Carol Greenberg Endowment	35,719
Soloway Wright LLP	30,510	Leacross Foundation / Roslyn Bern	
Robert Stelmack Memorial Fund	94,563	Fund for Bio-Medical Education	345,000
Renata & William Watkin Family	38,000	David & Grace Meredith Endowment	116,643
		Dr Evan Patrick Endowment	66,287
Clinical		Howard & Doris Polk Endowment	32,168
Denise Walton Endowment Fund	89,500	Donald & Audrey Williams Endowment	55,687
G & M Mayhew Endowment	34,890	Fred & Vivien Sander Endowment Fund	13,500
Fabian Stern Memorial Fund	17,726		
Malcolm & Vera Glube Family Endowment	22,492		
		Equipment	
Patient Support		Anderson Endowment Fund	134,637
Allen S Gertsman Memorial Fund	27,613	J Laperriere Endowment Fund	357,298
		Total Named Funds	6,501,736