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# Financial statements of Montreal Heart Institute Foundation

March 31, 2025

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## 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, 2025, 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, 2025, 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*<sup>1</sup>

June 27, 2025

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<sup>1</sup> CPA auditor, public accountancy permit No. A131844

**Montreal Heart Institute Foundation**  
**Statement of financial position**  
As at March 31, 2025

	Notes	2025				2024
		General Fund	Endowment Fund	Other Funds	Total	Total
		\$	\$	\$	\$	\$
<b>Assets</b>						
Investments	3	285,942	113,847,034	26,855,842	140,988,818	141,655,932
Cash		1,475,954	—	116,469	1,592,423	2,041,892
Interfund – Endowment Fund		13,869,563 *	—	—	—	—
Amounts due by the General Fund		—	—	4,276,852 *	—	—
Accounts receivable		932,502	22,529	3,320	958,351	170,331
Other assets		840,572	—	—	840,572	713,980
		<b>17,404,533</b>	<b>113,869,563</b>	<b>31,252,483</b>	<b>144,380,164</b>	<b>144,582,135</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities		8,802,329	—	22,677	8,825,006	8,748,442
Interfund – General Fund		—	13,869,563 *	—	—	—
Amounts due to the Other Funds		4,276,852 *	—	—	—	—
		<b>13,079,181</b>	<b>13,869,563</b>	<b>22,677</b>	<b>8,825,006</b>	<b>8,748,442</b>
Commitments	8					
<b>Fund balances</b>						
Externally restricted	6 and 7	—	13,611,278	31,229,806	44,841,084	44,249,772
Internally restricted	6	—	86,388,722	—	86,388,722	84,702,926
Unrestricted		4,325,352	—	—	4,325,352	6,880,995
		<b>4,325,352</b>	<b>100,000,000</b>	<b>31,229,806</b>	<b>135,555,158</b>	<b>135,833,693</b>
		<b>17,404,533</b>	<b>113,869,563</b>	<b>31,252,483</b>	<b>144,380,164</b>	<b>144,582,135</b>

\* 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, 2025

Notes	General Fund		Endowment Fund		Other Funds		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Donations	3,979,434	3,669,759	110,339	949,882	9,963,513	8,502,185	14,053,286	13,121,826
Bequests	10,725,512	500,000	—	—	2,269,006	11,858,280	12,994,518	12,358,280
Interest and dividends	2,991,390	3,242,277	—	—	503,805	618,961	3,495,195	3,861,238
Gain (loss) on disposal of investments	6,568,721	(2,458,338)	—	—	(553)	397,139	6,568,168	(2,061,199)
Change in the unrealized fair value of investments	1,057,016	6,915,847	—	—	76,588	522,608	1,133,604	7,438,455
Fundraising activities	2,168,887	2,048,188	—	—	107,500	237,527	2,276,387	2,285,715
	27,490,960	13,917,733	110,339	949,882	12,919,859	22,136,700	40,512,158	37,004,315
<b>Fundraising activities</b>								
Direct costs of fundraising activities	853,644	628,175	—	—	—	—	853,644	628,175
Indirect costs of donations and fundraising activities	1,674,970	1,539,391	—	—	—	—	1,674,970	1,539,391
Operational subtotal	24,962,346	11,750,167	110,339	949,882	12,919,859	22,136,700	37,992,544	34,836,749
<b>Expenses</b>								
Salaries, employee benefits and other compensation	3,613,138	3,299,818	—	—	—	—	3,613,138	3,299,818
Other operating charges	600,252	171,714	—	—	—	—	600,252	171,714
	4,213,390	3,471,532	—	—	—	—	4,213,390	3,471,532
Excess of revenue over expenses before the contributions	20,748,956	8,278,635	110,339	949,882	12,919,859	22,136,700	33,779,154	31,365,217
Contributions to the Montreal Heart Institute	21,618,803	8,158,927	—	—	12,438,886	16,388,431	34,057,689	24,547,358
<b>(Deficiency) excess of revenue over expenses</b>	(869,847)	119,708	110,339	949,882	480,973	5,748,269	(278,535)	6,817,859
Fund balances, beginning of year	6,880,995	8,260,466	98,203,865	93,612,626	30,748,833	27,142,742	135,833,693	129,015,834
Transfers	(1,685,796)	(1,499,176)	1,685,796	3,641,357	—	(2,142,178)	—	—
<b>Fund balances, end of year</b>	4,325,352	6,880,995	100,000,000*	98,203,865*	31,229,806**	30,748,833**	135,555,158	135,833,693

\* See Note 6

\*\* See Note 7

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

**Montreal Heart Institute Foundation**  
**Statement of cash flows**  
Year ended March 31, 2025

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	<b>2025</b>	2024
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	<b>(278,535)</b>	6,817,859
Adjustments for		
Donations in shares	<b>(3,024,919)</b>	(718,389)
(Gain) loss on disposal of investments	<b>(6,568,168)</b>	2,061,199
Change in the unrealized fair value of investments	<b>(1,133,604)</b>	(7,438,455)
	<b>(11,005,226)</b>	722,214
Net changes in non-cash operating working capital items		
Accounts receivable	<b>(788,020)</b>	776,561
Other assets	<b>(126,592)</b>	54,445
Accounts payable and accrued liabilities	<b>76,564</b>	1,832,447
	<b>(11,843,274)</b>	3,385,667
<b>Investing activities</b>		
Net change in investments	<b>11,393,805</b>	(6,128,699)
Net (decrease) increase in cash	<b>(449,469)</b>	(2,743,032)
Cash, beginning of year	<b>2,041,892</b>	4,784,924
<b>Cash, end of year</b>	<b>1,592,423</b>	2,041,892

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



## **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), and the Dedicated donations Fund of the annual 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.

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

## 2. Accounting policies (continued)

### *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.

## 3. Investments

	2025	2024
	\$	\$
General Fund		
Cash with trustee	98,646	4,060
Short-term mutual funds	3,684	1,409
Shares	3,218	—
Mutual funds of Canadian bonds	180,394	11,590,570
	<b>285,942</b>	11,596,039
Endowment Fund		
Cash with trustee	73,202	52,110
Treasury bills and other discount securities, maturing through June 2025 (June 2024 in 2024)	1,476,963	610,525
Mutual funds of Canadian bonds	30,891,897	28,507,139
Canadian shares and mutual funds of Canadian equities	38,355,860	36,253,865
Foreign shares and mutual funds of foreign equities	43,049,112	39,423,520
	<b>113,847,034</b>	104,847,159
Accrued interest and dividends	—	139,144
	<b>113,847,034</b>	104,986,303
Other Funds		
Cash with trustee	46,745	43,745
Treasury bills and other discount securities, maturing through June 2025 (January 2025 in 2024)	490,588	266,754
Mutual funds of Canadian bonds	15,218,300	14,049,142
Canadian equities	5,098,103	4,960,182
Foreign equities and mutual funds of foreign equities	6,002,106	5,753,767
	<b>26,855,842</b>	25,073,590
Total of the funds	<b>140,988,818</b>	141,655,932

The General Fund's interest and dividends and gain on disposal of investments include revenue from resources held as endowments in an amount of \$9,761,825 (\$427,657 in 2024), after deduction of management fees of \$669,240 (\$587,407 in 2024). 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 \$954,703 (loss of \$7,063,406 in 2024).

#### **4. Pledges receivable**

As at March 31, 2025, the Foundation held pledges for all the funds totalling \$50,670,387 and running through 2040 as follows:

	\$
2026	18,622,133
2027	16,983,254
2028	7,965,000
2029	1,600,000
2030 and thereafter	5,500,000

#### **5. Contributions to the Montreal Heart Institute**

	2025	2024
	\$	\$
General Fund		
Research	<b>17,105,943</b>	3,927,484
Equipment (Note 10)	<b>3,253,552</b>	3,156,060
Education	<b>936,076</b>	582,810
Prevention	<b>323,232</b>	492,573
	<b>21,618,803</b>	8,158,927
Other Funds		
Research	<b>9,953,013</b>	10,504,796
Prevention	<b>1,596,928</b>	3,734,185
Equipment (Note 10)	<b>119,718</b>	1,562,843
Education	<b>769,227</b>	581,607
Bursaries	—	5,000
	<b>12,438,886</b>	16,388,431
	<b>34,057,689</b>	24,547,358

**6. Balance of Endowment Fund**

	<b>2025</b>		
	<b>Endowment</b>	<b>Other capital</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year			
Endowments received	<b>13,500,939</b>	<b>84,702,926</b>	<b>98,203,865</b>
Transfer from the General Fund*	<b>110,339</b>	<b>—</b>	<b>110,339</b>
Transfer from the Other Funds**	<b>—</b>	<b>1,685,796</b>	<b>1,685,796</b>
Balance, end of year	<b>16,611,278</b>	<b>86,388,722</b>	<b>100,000,000</b>
Consisting of			
Externally restricted amounts			<b>13,611,278</b>
Internally restricted amounts			<b>86,388,722</b>
			<b>100,000,000</b>
	<b>2024</b>		
	<b>Endowment</b>	<b>Other capital</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year	12,551,057	81,061,569	93,612,626
Endowments received	949,882	—	949,882
Transfer to the General Fund*	—	2,477,279	2,447,279
Transfer from the Other Funds**	—	1,194,078	1,194,078
Balance, end of year	<b>13,500,939</b>	<b>84,702,926</b>	<b>98,203,865</b>
Consisting of			
Internally restricted amounts			13,500,939
Externally restricted amounts			84,702,926
			<b>98,203,865</b>

\* The board of directors authorized a transfer of \$1,685,796 from the General Fund to the Endowment Fund (\$2,447,279 in 2024).

\*\* Pursuant to changes in donor intent, an amount of \$1,194,078 was transferred from Other Funds to the Endowment Fund in 2024.

## 7. Other Funds balances

	2025				2024
	Bourses du Cœur Fund	BRM campaign Fund	Dedicated donations Funds	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Donations	200,000	—	9,763,513	9,963,513	8,502,185
Bequests	—	—	2,269,006	2,269,006	11,585,280
Interest and dividends	13,923	187,849	302,028	503,805	618,961
(Loss) gain on disposal of investments	(553)	—	—	(553)	397,139
Change in the unrealized fair value of investments	76,588	—	—	76,588	522,608
Fundraising activities	—	—	107,500	107,500	237,527
Operational subtotal	289,963	187,849	12,442,047	12,919,859	22,136,700
Contributions to the Montreal Heart Institute	—	139,216	12,299,670	12,438,886	16,388,431
Excess (deficiency) of revenue over expenses	289,963	48,633	142,377	480,973	5,748,269
Balances, beginning of year	2,228,244	3,130,255	25,390,334	30,748,833	27,142,742
Transfers to the Endowment Fund	—	—	—	—	(1,194,078)
Transfers to the General Fund	—	—	—	—	(948,100)
Balances, end of year	2,518,207	3,178,888	25,532,711	31,229,806	30,748,833

## 8. Commitments

The Foundation is committed to disbursing a total of \$27,307,262 to the Montreal Heart Institute (\$1,051,975 by the General Fund and \$26,255,287 by the Other Funds).

## 9. 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.

## **9. Financial instruments (continued)**

### *Market risk (continued)*

#### *(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.

#### *(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 and investments denominated in U.S. dollars amounting to nil and CA\$13,849,047, respectively (CA\$105,632 and CA\$11,357,350 in 2024). As a result, the Foundation is 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.

## **10. 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 \$250,915 (\$80,963 in 2024) included in *Accounts receivable*, and an amount of \$7,734,581 (\$7,829,744 in 2024) included in *Accounts payable and accrued liabilities*.

Equipment in an amount of \$2,986,375 (\$2,829,626 in 2024), 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.

Certain figures for the year ended March 31, 2024, have been reclassified to conform with the presentation adopted for the year ended March 31, 2025.