

**MANITOBA CARDIAC INSTITUTE  
(REH-FIT) FOUNDATION INC.**

**Financial Statements**  
For the year ended March 31, 2016

# MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.

## Financial Statements

For the year ended March 31, 2016

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## Independent Auditor's Report

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To the Board of Directors of **Manitoba Cardiac Institute (Reh-Fit) Foundation Inc.**

We have audited the accompanying financial statements of **Manitoba Cardiac Institute (Reh-Fit) Foundation Inc.**, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and 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.

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 **Manitoba Cardiac Institute (Reh-Fit) Foundation Inc.** as at March 31, 2016 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.

*BDO Canada LLP*

Chartered Accountants

Winnipeg, Manitoba  
June 16, 2016

**MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.  
Statement of Financial Position**

March 31

2016      2015

	General Fund	Endowment Fund	Building & Equipment Fund	Adminis- tration/ Operations	Total	Total
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents (Note 2)	\$ 227,857	\$ 57,884	\$ 2,692,865	\$ -	\$ 2,978,606	\$ 2,886,423
Short-term investments (Note 3)	-	-	315,263	-	315,263	-
Accounts receivable	27,535	-	-	-	27,535	41,825
Prepaid expenses	12,829	-	-	-	12,829	6,435
Due from Manitoba Cardiac Institute (Reh-Fit) Inc. (Note 4)	-	-	-	-	-	1,765
	<u>268,221</u>	<u>57,884</u>	<u>3,008,128</u>	<u>-</u>	<u>3,334,233</u>	<u>2,936,448</u>
Interfund balances	(81,760)	(1,125)	80,000	2,885	-	-
	<u>\$ 186,461</u>	<u>\$ 56,759</u>	<u>\$ 3,088,128</u>	<u>\$ 2,885</u>	<u>\$ 3,334,233</u>	<u>\$ 2,936,448</u>

**Liabilities and Fund Balances**

**Current Liabilities**

Accounts payable and accrued liabilities  
Deferred revenue (Note 5)  
Due to Manitoba Cardiac Institute (Reh-Fit) Inc. (Note 4)

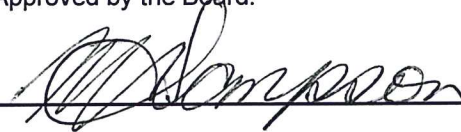
\$ 4,750	\$ -	\$ -	\$ -	\$ 4,750	\$ 4,400
89,582	-	-	-	89,582	78,955
1,314	-	-	-	1,314	-
<u>95,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,646</u>	<u>83,355</u>

**Fund Balances**

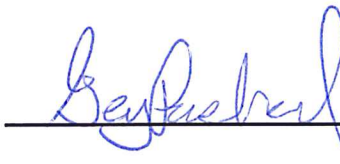
Restricted  
Unrestricted

-	56,759	3,088,128	-	3,144,887	2,745,860
90,815	-	-	2,885	93,700	107,233
<u>90,815</u>	<u>56,759</u>	<u>3,088,128</u>	<u>2,885</u>	<u>3,238,587</u>	<u>2,853,093</u>
<u>\$ 186,461</u>	<u>\$ 56,759</u>	<u>\$ 3,088,128</u>	<u>\$ 2,885</u>	<u>\$ 3,334,233</u>	<u>\$ 2,936,448</u>

Approved by the Board:



Director



Director

**MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.**  
**Statement of Changes in Fund Balances**

<b>For the year ended March 31</b>					<b>2016</b>	<b>2015</b>
	General Fund	Endowment Fund	Building & Equipment Fund	Adminis- tration/ Operations	Total	Total
<b>Fund balance, at March 31, 2015</b>	<b>\$ 104,348</b>	<b>\$ 53,454</b>	<b>\$ 2,692,406</b>	<b>\$ 2,885</b>	<b>\$ 2,853,093</b>	<b>\$ 2,172,180</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>-</b>	<b>3,305</b>	<b>395,722</b>	<b>(13,533)</b>	<b>385,494</b>	<b>680,913</b>
<b>Transfers to fund operations</b>	<b>(13,533)</b>	<b>-</b>	<b>-</b>	<b>13,533</b>	<b>-</b>	<b>-</b>
<b>Fund balance, at March 31, 2016</b>	<b>\$ 90,815</b>	<b>\$ 56,759</b>	<b>\$ 3,088,128</b>	<b>\$ 2,885</b>	<b>\$ 3,238,587</b>	<b>\$ 2,853,093</b>

**MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.**  
**Statement of Operations**

**For the year ended March 31**

**2016**      **2015**

	General Fund	Endowment Fund	Building & Equipment Fund	Adminis- tration/ Operations	Total	Total
<b>Revenues</b>						
Donations	\$ 64,395	\$ 3,708	\$ -	\$ -	\$ 68,103	\$ 162,629
Cocktails & Comedy	105,980	-	-	-	105,980	102,872
Golf tournament	27,019	-	-	-	27,019	28,386
Walk of Life & Health Fair	16,450	-	-	-	16,450	23,463
Direct mail campaign	13,131	-	-	-	13,131	18,381
Gift from Manitoba Cardiac Institute (Reh-Fit) Inc.	-	-	380,000	-	380,000	663,105
Investment income	754	229	15,722	-	16,705	23,798
	<b>227,729</b>	<b>3,937</b>	<b>395,722</b>	<b>-</b>	<b>627,388</b>	<b>1,022,634</b>
<b>Expenses</b>						
Administrative expenses	-	-	-	13,533	13,533	11,955
Direct mail	3,174	-	-	-	3,174	4,279
Cocktails & Comedy	56,412	-	-	-	56,412	59,075
Walk of Life & Health Fair	4,579	-	-	-	4,579	6,253
Golf tournament	16,218	-	-	-	16,218	19,742
Loss on sale of investments	-	48	-	-	48	64
	<b>80,383</b>	<b>48</b>	<b>-</b>	<b>13,533</b>	<b>93,964</b>	<b>101,368</b>
<b>Excess (deficiency) of revenues over expenses before gift allocation</b>	<b>147,346</b>	<b>3,889</b>	<b>395,722</b>	<b>(13,533)</b>	<b>533,424</b>	<b>921,266</b>
<b>Gift to Manitoba Cardiac Institute (Reh-Fit) Inc. (Note 4)</b>	<b>147,346</b>	<b>584</b>	<b>-</b>	<b>-</b>	<b>147,930</b>	<b>240,353</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ -</b>	<b>\$ 3,305</b>	<b>\$ 395,722</b>	<b>\$ (13,533)</b>	<b>\$ 385,494</b>	<b>\$ 680,913</b>

**MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used in)</b>		
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenses for the year	\$ 385,494	\$ 680,913
Changes in non-cash working capital balances		
Accounts receivable	14,290	7,179
Prepaid expenses	(6,394)	1,849
Accounts payable	350	(352)
Deferred revenue	10,627	(1,354)
Net cash flows provided by operating activities	<u>404,367</u>	<u>688,235</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of short-term investments	<u>(315,263)</u>	-
<b>Cash Flows from Financing Activities</b>		
Repayments to related party	-	(146,821)
Advances from related party	3,079	292,451
Net cash flows provided by financing activities	<u>3,079</u>	<u>145,630</u>
<b>Increase in cash and cash equivalents</b>	<b>92,183</b>	<b>833,865</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>2,886,423</b></u>	<u><b>2,052,558</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 2,978,606</b></u>	<u><b>\$ 2,886,423</b></u>

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# MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.

## Notes to Financial Statements

For the year ended March 31, 2016

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### 1. Nature of the Organization and Summary of Significant Accounting Policies

#### Nature of the Organization

The Manitoba Cardiac Institute (Reh-Fit) Foundation Inc. (the "Foundation") is a non-profit organization incorporated under The Corporations Act of Manitoba and is a registered Canadian charity exempt from income tax under section 149 of the Income Tax Act. The Foundation receives and maintains funds in order to promote the welfare and good of The Manitoba Cardiac Institute (Reh-Fit) Inc. (the "Institute").

#### Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (Part III of the CPA Canada Handbook).

#### Fund Balances

The Foundation follows the deferral method of accounting when designating its resources into funds. There are no external restrictions on funds.

General Fund - The General Fund is available to support the mission and activities of the Foundation.

The General Fund accumulates all the fundraising activities of the Foundation including general gifts received via tribute cards, direct mail and on-line donations, personal approach of individuals, corporations, and foundations/organizations, and other fundraising activities.

Endowment Fund - The Endowment Fund reports the receipt of funds established from gifts by donors which are designated to remain under the organization's management in perpetuity. Investment income is transferred to the General Fund and gifted to the Institute.

Building & Equipment Fund - The Building & Equipment Fund was established to accumulate funds to make gifts to the Institute for use in maintaining, repairing, replacing and expanding the facilities and equipment used in its activities.

Administration/Operations - The Administration/Operations Fund reflects the administration and operational costs of undertaking the Foundation's activities.

Interfund balances are unsecured, due on demand and are non-interest bearing.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market, fixed income and mutual fund instruments with maturities of three months or less.

#### Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. General Fund fundraising revenues are recognized upon completion of the event. Investment income is recognized on an accrual basis as revenue in the appropriate fund. Contributions are recorded in the appropriate fund in the year received unless the amount to be received can be reasonably estimated and collection is reasonably assured.



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# MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.

## Notes to Financial Statements

For the year ended March 31, 2016

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### 1. Nature of the Organization and Summary of Significant Accounting Policies (continued)

#### Contributed Services and Materials

Volunteers contribute numerous hours per year to assist the Foundation in carrying out its mandate. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

### 2. Cash and Cash Equivalents

	<u>2016</u>	<u>2015</u>
Cash in bank	\$ 178,807	\$ 441,226
Investments		
High interest e-savings accounts - Building & equipment	1,691,870	1,677,415
Government of Canada treasury bills - Building & equipment	999,196	613,693
High interest e-savings account - General	50,848	100,094
High interest e-savings account - Endowment	14,783	11,024
Money market funds, carried at market value - Endowment	43,102	42,971
	<u>\$ 2,978,606</u>	<u>\$ 2,886,423</u>

### 3. Short Term Investments

Short term investments include a Government of Canada treasury bill with a maturity date of September 22, 2016.

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# MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.

## Notes to Financial Statements

For the year ended March 31, 2016

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#### 4. Due to Manitoba Cardiac Institute (Reh-Fit) Inc.

The Foundation's intended purpose is to act as a fundraising body for the benefit of the Institute. The Foundation relies on the Institute for administrative support in carrying on its activities. The Foundation exists for the sole purpose of supporting the vision and mission of the Institute. In addition, the Institute could control the Foundation under certain circumstances by becoming its sole member and, as sole member, electing the directors of the Foundation.

The balance has arisen from advances between the Foundation and the Institute and has no security, repayment terms or interest charged.

During the year, the Foundation gifted \$147,930 to the Institute (\$240,353 in 2015).

#### 5. Deferred Revenue

Deferred revenues relate to sponsorships and ticket purchases for the Cocktails & Comedy event, the Walk of Life (WOL) and the Golf Tournament held subsequent to year end. The changes in the deferred revenue balance for the year are as follows:

	<u>2016</u>		<u>2015</u>
Deferred revenue, beginning of year	\$ 78,955	\$	80,309
Revenue received and deferred	89,582		78,955
Revenue recognized as income	<u>(78,955)</u>		<u>(80,309)</u>
Deferred revenue, end of year	<u>\$ 89,582</u>	\$	<u>78,955</u>

#### 6. Financial Instrument Risk

The Foundation is exposed to different types of risk in the normal course of operations, including credit risk, market risk and liquidity risk. The Foundation's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the organization's activities. The risks have not changed from the previous period.

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# MANITOBA CARDIAC INSTITUTE (REH-FIT) FOUNDATION INC.

## Notes to Financial Statements

For the year ended March 31, 2016

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### 6. Financial Instrument Risk (continued)

#### Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Foundation to credit risk consist principally of cash and cash equivalents, accounts receivable and short-term investments.

The Foundation's maximum exposure to credit risk without taking account of any collateral or other credit enhancements consists of its accounts receivable and short-term investments.

#### Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Foundation is not exposed to significant interest rate risk. Its cash and cash equivalents are held in short-term or variable rate products.

The Foundation is not exposed to significant foreign exchange risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal.

Other price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or exchange risk), whether those changes are caused by factors specific to the individual investment or factors affecting similar financial instruments traded in the market. The Foundation limits its exposure to other price risks by investing in low risk investment vehicles.

#### Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The organization is not exposed to significant liquidity risk as its liquidity risk arises from accounts payable and accrued liabilities and sufficient assets are on hand to settle these financial liabilities.