HEART NIAGARA INC.

Financial Statements
for the Year Ended March 31, 2023
and Independent Auditor's Report to the Directors

HEART NIAGARA INC.
FINANCIAL STATEMENTS
MARCH 31, 2023

CONTENTS

DJB CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Heart Niagara Inc.:

Qualified Opinion

We have audited the accompanying financial statements of Heart Niagara Inc. (the Organization), which comprise the statement of financial position as at March 31, 2023 and the statements of operations and fund balance and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Organization 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 in our audit is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged With Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 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 Organization'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 Organization'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 Organization 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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants

September 18, 2023

HEART NIAGARA INC.
STATEMENT OF OPERATIONS AND FUND BALANCE
YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUE		
Donations	**$ 109,931**	$ 38,128
Grants	**23,739**	57,194
Fundraising events	**64,316**	49,772
Program (Note 6)	**484,734**	366,531
Rental income and other	**34,884**	29,455
HeartCore	**37,121**	25,769
	754,725	566,849
EXPENSES		
Advertising and promotion	**13,230**	12,090
Bank charges and interest	**2,223**	1,343
Depreciation	**15,682**	18,151
Fundraising	**23,692**	9,447
HeartCore	**59,314**	31,146
Insurance	**12,629**	11,620
Occupancy costs	**93,858**	96,358
Office supplies	**32,915**	22,909
Public access defibrillator expenses	**59,682**	39,027
Professional and consulting fees	**221,545**	224,961
Salaries, benefits and honoraria	**167,663**	160,668
Staff education and training	**-**	947
Supplies	**48,508**	37,595
	750,941	666,262
INCOME (LOSS) FROM OPERATIONS	**3,784**	(99,413)
OTHER INCOME		
Canada Emergency Wage Subsidy	**-**	56,627
Canada Emergency Rent Subsidy	**-**	26,175
Gain on forgiveness of Canada Emergency Business Account loan (Note 5)	**20,000**	-
	20,000	82,802
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**23,784**	(16,611)
FUND BALANCE, BEGINNING OF YEAR	**9,843**	26,454
FUND BALANCE, END OF YEAR	**$ 33,627**	$ 9,843

HEART NIAGARA INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	2023	2022
ASSETS		
Current assets		
Cash (Note 2)	$ 103,419	$ 68,091
Accounts receivable	19,926	39,144
Sales tax recoverable	80	599
Prepaid expenses	8,790	8,053
	132,215	115,887
Fixed assets (Note 3)	27,670	38,142
	$ 159,885	$ 154,029
LIABILITIES		
Current liabilities		
Accounts payable and accrued charges	$ 39,229	$ 52,822
Government remittances payable	7,206	5,626
Deferred revenue (Note 4)	39,823	19,663
Current portion of Canada Emergency Business Account loan (Note 5)	40,000	-
	126,258	78,111
Deferred capital contributions	-	6,075
Canada Emergency Business Account loan	-	60,000
Commitments (Note 7)		
	126,258	144,186
FUND BALANCE	33,627	9,843
	$ 159,885	$ 154,029

Approved by the Board:

.... Director .... Director

Approved September 15, 2023 presented to community Tuesday September 19, 2023

HEART NIAGARA INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	**$ 23,784**	$ (16,611)
Items not affecting cash		
Depreciation	**15,682**	18,151
Amortization of deferred capital contributions	**(6,075)**	(8,100)
Gain on forgiveness of Canada Emergency Business Account loan	**(20,000)**	-
	13,391	(6,560)
Changes in non-cash operating assets and liabilities		
Accounts receivable	**19,218**	(24,673)
Inventory	**-**	7,686
Sales tax receivable	**518**	2,967
Prepaid expenses	**(737)**	1,145
Accounts payable and accrued charges	**(13,589)**	8,114
Government remittances payable	**1,579**	(529)
Deferred revenue	**20,160**	(1,509)
	40,540	(13,359)
INVESTING ACTIVITY		
Purchase of fixed assets	**(5,212)**	(2,154)
INCREASE (DECREASE) IN CASH	**35,328**	(15,513)
CASH, BEGINNING OF YEAR	**68,091**	83,604
CASH, END OF YEAR	**$ 103,419**	$ 68,091

HEART NIAGARA INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of business
Heart Niagara Inc. was incorporated without share capital in April 1988 as a non-profit organization under the laws of the Province of Ontario and is a registered charity under the Income Tax Act. Heart Niagara Inc. serves to provide community coronary care, education and health promotion in the Niagara Peninsula.

Revenue recognition
The Organization follows the deferral method of accounting for funding and contributions. Under this method, unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted grants or contributions, including contributed capital assets, are recognized as revenue in the year in which the related expenses are incurred. All other revenue is recognized as income when earned.

Contributions from the Niagara Community Foundation from funds that have been established for the benefit of Heart Niagara Inc. are recorded as revenue when they become receivable, in accordance with the terms of the agreement between the Niagara Community Foundation and the donor.

Deferred contributions
Deferred contributions represent restricted operating revenue received in the year that is related to program spending commitments in a subsequent year.

Deferred capital contributions
The Organization has received donations to fund capital assets. These grants are being amortized at the same rate as the corresponding capital assets.

Income taxes
No provision has been made for income taxes in these financial statements as this Organization is exempt from income taxes under section 179(1)(l) of Canadian Income Tax Act.

Inventory
Inventory consists of various supplies consumed in operations. These items are valued at the lower of cost and net realizable value. Cost is determined based on the purchase price net of any refundable taxes.

Fixed assets
Fixed assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution. Fixed assets are being depreciated on a straight-line basis over their estimated useful lives as follows:

Equipment	5 and 10 years
Computer hardware	3 years
Computer software	5 years
Leasehold improvements	10 years

Additions during the year are depreciated from the month of acquisition. Disposals are depreciated until the month of disposition.

Long-lived assets
Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Financial instruments

(a) Measurement of financial instruments

Initial measurement
The Organization initially measures its financial assets and liabilities originated at fair value. Financial assets and liabilities originated, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

Subsequent measurement
The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges, government remittances payable, and the Canada Emergency Business Account loan.

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be 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 income.

Contributed services and materials
The Organization relies on varying levels of volunteer work to assist in carrying out its activities. Due to the difficulty in estimating the fair value of contributed services, no amounts for contributed services are recognized in the financial statements.

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in normal course of the Organization's operations and would have otherwise been purchased.

HEART NIAGARA INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

Government assistance
Government assistance related to current expenses or revenues are included in the determination of net income for the period. When government assistance relates to expenses of future accounting periods, the appropriate amounts shall be deferred and amortized to income as related expenses are incurred.

Use of estimates
The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as allowances for amounts receivable, determination of useful lives and impairment of fixed assets, accrued charges, deferred contributions, program surpluses repayable, revenue recognition, allocation of program revenue and expenses and contingent liabilities.

2. CASH

The Organization has an operating line of credit with a limit of $20,000 at bank prime plus 1.75%. As at March 31, 2023, none of the operating line of credit have been drawn upon.

The Organization has a non-revolving loan with a limit of $90,000 at bank prime plus 1.75% with monthly principal payments of $2,500 plus interest, due on demand. As at March 31, 2023, none of the non-revolving loan have been drawn upon.

These credit facilities are secured by a general security agreement, assignments of content insurance for a minimum of $90,000 indicating the lending institution as a first loss payee over the equipment of the Organization.

The Organization is subject to a financial covenant related to the agreement governing the Organizations credit facility. The covenant required that the Organization attain a minimum debt service ratio of 1.15:1. At year end, due to repayment of the Canada Emergency Business Account program, the Organization is not in compliance with their covenant, however management is of the opinion that this will not impact their current financial arrangement.

3. FIXED ASSETS

	2023		2022	
	Cost	**Accumulated Depreciation**	Cost	Accumulated Depreciation
Computer hardware	**$ 39,273**	**$ 32,914**	$ 34,349	$ 32,555
Computer software	**27,151**	**26,610**	26,864	26,462
Equipment	**223,487**	**205,066**	223,487	190,613
Leasehold improvements	**7,228**	**4,879**	7,228	4,156
	297,139	**269,469**	291,928	253,786
Net book value		**$ 27,670**		$ 38,142

HEART NIAGARA INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

4. DEFERRED REVENUE

	2023	2022
Balance, beginning of year	**$ 19,663**	$ 21,172
Amount recognized as revenue in the year	**(96,320)**	(13,295)
Amount received related to subsequent years	**116,480**	11,786
	$ 39,823	$ 19,663

Deferred revenue results from funding received during the year for expenditures that span beyond the current fiscal year. The amount of funding received but not yet spent at the end of the fiscal year was deferred and will be recognized when the related expenses have been incurred.

5. CANADA EMERGENCY BUSINESS ACCOUNT PROGRAM LOAN

Originally, this program provided interest-free loans of up to $40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced due to the economic impacts of the COVID-19 virus. A registered business must meet certain eligibility criteria as outlined by the Federal Government. The loaned funds may only be used to pay for operating costs that cannot be deferred, such as payroll, rent, utilities, insurance, debt payments and property tax.

The expectation is that the $40,000 loan is interest free. $10,000, which is 25% of the loan, is eligible for complete forgiveness if $30,000 is fully repaid on or before December 31, 2023. Unpaid amounts remaining after this date may be converted into term loans or credit lines, the availability and terms of which vary across financial institutions.

As of December 4, 2020, eligible small businesses and not-for-profits are able to apply for the expanded CEBA loan for an additional $20,000 in financing of which $10,000 can be forgiven. New applications for $60,000 in financing are available also. The Entity has applied for this expanded CEBA loan. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 33% (up to $20,000).

The Organization anticipates being able to repay the $40,000 prior to December 31, 2023 and thus the $20,000 forgiveness has been taken into income.

6. PROGRAM REVENUE

	2023	2022
Ministry of Health and Long Term Care	**$ 170,453**	$ 165,456
Diagnostic	**59,161**	72,536
Public access defibrillator revenue	**79,038**	48,520
Other	**176,082**	80,019
	$ 484,734	$ 366,531

HEART NIAGARA INC.

NOTES TO THE FINANCIAL STATEMENTS
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7. COMMITMENTS

The Organization has entered into an agreement to lease their facilities at 4635 Queen Street, Niagara Falls at a monthly rate of $1,381 plus a portion of common area expenses and the non-refundable portion of commodity taxes. The lease expires August 31, 2026 with an option to renew for an additional five years. The monthly base rent increases at various points through out the agreement.

The Organization has also entered into a second lease agreement for equipment that expires in July 2022 and requires monthly payments of $318.

The minimum lease payments for the next four years are as follows:

Years ending March 31, 2024	$ 88,932
2025	88,932
2026	91,401
2027	38,818
	$ 308,083

8. EXPENSES

	Administration and Fundraising	Holter and other programs	2023	2022
Advertising and promotion	$ 13,230	$ -	$ 13,230	$ 12,090
Bank charges and interest	2,223	-	2,223	1,343
Depreciation	15,682	-	15,682	18,151
Fundraising	86,301	-	86,301	40,593
Insurance	12,629	-	12,629	11,620
Occupancy costs	92,858	1,000	93,858	96,358
Office supplies	23,047	9,867	32,914	22,909
Public access defibrillator expenses	-	59,682	59,682	39,027
Professional and consulting fees	14,884	206,661	221,545	224,961
Salaries, benefits and honoraria	49,547	118,116	167,663	160,668
Staff education and training	-	-	-	947
Supplies	-	45,214	45,214	37,595
	$ 310,401	$ 440,540	$ 750,941	$ 666,262

HEART NIAGARA INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

9. IMPACT OF COVID-19 PANDEMIC

As the pandemic continues to evolve with the emergence of new variants, entities may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an entity's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting companies in different industries to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

10. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Liquidity risk:
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As at March 31, 2023 the Organization had bank indebtedness of nil and an unutilised line of credit of $20,000. The Organization expects that cash flows from operations in 2024, together with continued credit facilities will be sufficient to fund requirements for 2024.

It is management's opinion that the Organization is not exposed to significant market, interest rate, credit, and currency risks arising from its financial instruments.

11. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's financial statement presentation.