HEART NIAGARA INC.

FINANCIAL STATEMENTS

MARCH 31, 2025

Steinbachs & Chapelle PROFESSIONAL CORPORATION

Darren Chapelle, CPA, CA • Michael Czaplicki, CPA, CA • Ries Vahrmeyer, CPA, CA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of:
Heart Niagara Inc.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Heart Niagara Inc. ("the Entity"), which comprise of the statement of financial position as at March 31, 2025, the statement of revenues, expenses and changes in net assets, statement 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 Entity as at March 31, 2025, and its financial performance 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 Entity derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2025 and 2024, assets as at March 31, 2025 and 2024, and net assets as at April 1 and March 31 for both the 2025 and 2024 years.

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 Statemen*s section of our 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 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 Matter

The financial statements of Heart Niagara Inc. for the year ended March 31, 2024 were audited by another auditor who expressed a qualified opinion on those statements on August 13, 2024 accordingly because of possible effects of the limitation in scope noted above.

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 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 over-seeing the Entity's financial reporting process.

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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 it 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 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 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Steinbachs + Chapelle

Niagara Falls, Ontario
August 14, 2025

Steinbachs & Chapelle Professional Corporation
(Authorized to practice public accounting by the Chartered Professional Accountants of Ontario)

HEART NIAGARA INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2025

ASSETS	2025	2024
CURRENT ASSETS		
Cash (Note 2)	$ 15,915	$ 55,557
Accounts receivable	13,043	9,817
Inventory	-	249
Prepaid expenses and deposits	8,089	8,323
	37,047	73,946
CAPITAL ASSETS (Note 3)	79,136	43,252
	$ 116,183	$ 117,198

LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 42,790	$ 32,767
Government remittances payable	6,041	4,239
Deferred revenue (Note 4)	28,177	40,525
	77,008	77,531
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	52,012	13,158
	129,020	90,689

NET ASSETS		
NET ASSETS - UNRESTRICTED	(12,837)	26,509
	$ 116,183	$ 117,198

See the accompanying notes to these financial statements

HEART NIAGARA INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
REVENUE		
Program (Note 6)	$ 455,534	$ 595,323
Grants	103,821	21,656
Donations	74,556	57,069
Fundraising	72,549	32,153
Rental	22,680	37,830
Interest	1,273	2,606
Other	17,259	1,044
	747,672	747,681
EXPENSES		
Advertising and promotion	14,135	14,460
Amortization	11,280	14,783
Bank charges and interest	2,861	2,510
Fundraising	13,517	101
Insurance	16,252	14,577
Occupancy costs	107,624	97,950
Office supplies	23,835	24,750
Public access defibrillator expenses	65,811	88,244
Professional and consulting fees	221,869	218,940
Program supplies	41,655	80,353
Salaries, benefits and honoraria	265,718	198,131
Staff training	2,461	-
	787,018	754,799
DEFICIENCY OF REVENUES OVER EXPENSES	(39,346)	(7,118)
NET ASSETS, beginning of year	26,509	33,627
NET ASSETS, end of year	$ (12,837)	$ 26,509

See the accompanying notes to these financial statements

HEART NIAGARA INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Deficiency of revenues over expenses	$ (39,346)	$ (7,118)
Items not requiring an outlay of cash:		
Amortization	11,280	14,783
Amortization of deferred capital contributions	(4,663)	(1,044)
	(32,729)	6,621
Changes in non-cash working capital:		
Change in accounts receivable	(3,226)	10,109
Change in inventory	249	(249)
Change in HST rebate receivable	2,564	232
Change in prepaid expenses and deposits	234	467
Change in accounts payable and accrued liabilities	10,023	(6,461)
Change in government remittances payable	(762)	(3,119)
Change in deferred revenue	(12,348)	702
	(35,995)	8,302
INVESTING ACTIVITIES		
Purchase of capital assets	(3,647)	(16,163)
FINANCING ACTIVITIES		
Repayment of Canada Emergency Business Account loan	-	(40,000)
DECREASE IN CASH AND CASH EQUIVALENTS	(39,642)	(47,861)
CASH, beginning of year	55,558	103,419
CASH, end of year	$ 15,916	$ 55,558

ADDITIONAL INFORMATION

During the year, the entity had office supplies and fundraising expenses paid for through donations in kind for a total cost of $6,875. (2024 - $14,202 equipment and computer hardware purchase)

See the accompanying notes to these financial statements

ORGANIZATION STRUCTURE AND PURPOSE

Heart Niagara Inc. ("the Entity") was incorporated without share capital in April 1988 as a not-for-profit organization under the laws of the Province of Ontario and is a registered charity under the Income Tax Act. The Entity serves to provide heart health education and care, resources and health promotion throughout the Niagara Peninsula. As a not-for-profit organization, the Entity is exempt from income tax under section 149(1)(l) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following:

(a) Cash and cash equivalents

The Entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn. Term deposits, including those with a maturity period of three months or less from the date of acquisition, are excluded from cash and cash equivalents and are presented separately as term deposits (if any).

(b) Capital assets

Capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided annually at rates calculated to write-off the assets on a straight-line basis over their estimated useful lives as follows:

Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of revenues, expenses and changes in net assets.

(c) Revenue recognition

The Entity 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 and incurred. All other revenue is recognized as income when earned.

Donations and fundraising revnues are recorded when received since these may not be legally enforceable claims. Interest is recorded when earned on the accrual basis. Any 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.

Contributed materials are recognized as revenue in the year received, with an equal amount included as an operating expenditure. Contributed materials are recognized only when the fair value can be reasonably estimated, the materials are used in the normal course of operations and the Entity would have purchased the materials if they had not been contributed.

Contributed services are not recognized in the financial statements due to the difficulty of determining the fair value of the services contributed by the Entity's volunteers.

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.

(d) Deferred contributions

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

(e) Deferred capital contributions

When the Entity receives donations in the form of capital assets, or receives donations or grants to fund the purchase of capital assets, these grants are deferred and amortized at the same rate as the corresponding assets.

(f) Inventory

Inventory consists of various supplies consumed in operations. The 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.

(g) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(h) 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. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Estimates are used in the determination of the useful lives and impairment of capital assets, accrued liabilities, deferred revenue and deferred contributions, revenue recognition, allocation of program revenue and expenses. Actual results could differ from those estimates.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures many cause economic uncertainty for many companies. Management assesses available information about the future, condiers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Entity. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Entity has taken are sufficient to mitigate these uncertainties.

2. CASH AND CASH EQUIVALENTS

The Entity has an operating line of credit with a limit of $20,000 at bank prime plus 1.75%. As of March 31, 2025, none of this operating line of credit has been drawn upon.

The Entity 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, 2025, 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 Entity.

The Entity is subject to a financial covenant rleated to the agreement governing the Entity's credit facility. The covenant required that the Entity attain a minimum debit service ratio of 1.15:1. At year end the Entity is in compliance with this covenant.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2025	Net 2024
Computer hardware	$ 45,999	$ 39,835	$ 6,164	$ 6,447
Computer software	27,151	26,972	179	360
Equipment	294,290	222,400	71,890	34,819
Leasehold improvements	7,228	6,325	903	1,626
	$ 374,668	$ 295,532	$ 79,136	$ 43,252

4. DEFERRED REVENUE

Deferred revenue results from funding received during the year for expeditures 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.

Changes in the deferred revenue balance are as follows:

	2025	2024
Balance, beginning of year	$ 40,525	$ 39,823
Amount recieved related to subsequent years	173,668	149,742
Amount recognized as revenue in the year	(186,016)	(149,040)
Balance, end of year	$ 28,177	$ 40,525

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent donations and grants received for the purchase of capital assets or donations in-kind directly in the form of capital assets. The amount of amortization to fund revenues is equivalent to the annual amortization expenses of the related capital assets and is included in dontations.

Changes in the deferred revenue balance are as follows:

	2025	2024
Balance, beginning of year	$ 13,158	$ -
Donations and grants for assets received/purchased during the year	43,517	14,202
Amortization to revenues during the year	(4,663)	(1,044)
Balance, end of year	$ 52,012	$ 13,158

6. PROGRAM REVENUE

	2025	2024
Ministry of Health and Long Term Care	$ 165,453	$ 165,456
Diagnostic	50,830	51,875
Public access defibrillator revenue	82,699	105,450
HeartCore	58,570	47,400
Community preparedness	37,755	34,433
Other	60,227	190,709
Balance, end of year	$ 455,534	$ 595,323

Other program revenue consists of schools revenue, community education, clinic cost sharing revenue, and other programs.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

7. COMMITMENTS

The Entity is obligated under lease for the rental of 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 the option to renew for an additional five years. The monthly base rent increases at various points throughout the agreement.

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

2026	$ 92,081
2027	38,818
	$ 130,899

8. EXPENSES

During the 2025 fiscal year, HeartCore payroll/staffing expenses were adjusted from program expenses to salaries, benefits and honorarioa. There was no payroll increase in during the year.

	Admin. and fundraising	**Program**	**2025**	**2024**
Advertising and promotion	$ 14,135	$ -	$ 14,135	$ 14,460
Amortization	11,280	-	11,280	14,783
Bank charges and interest	2,861	-	2,861	2,510
Fundraising	13,517	-	13,517	101
Insurance	16,252	-	16,252	14,577
Occupancy costs	106,624	1,000	107,624	97,950
Office supplies	16,685	7,150	23,835	24,750
Public access defibrillator expenses	-	65,811	65,811	88,244
Professional and consulting fees	15,139	206,730	221,869	218,940
Program supplies	-	41,655	41,655	80,353
Salaries, benefits and honoraria	50,553	215,165	265,718	198,131
Staff training	2,461	-	2,461	-
	$ 249,507	$ 537,511	$ 787,018	$ 754,799

9. FINANCIAL INSTRUMENTS

(a) *Measurement*

The entity initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

The Entity subsequently measures its financial assets and liabilities at cost or amortized cost, except for investments (if any) in equity instruments that are quoted in an active market and derivative contracts, which are measured at fair value.

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

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities, and government remittances payable.

(b) *Impairment*

Financial assets measured at cost are tested for impairment where there are indicators of impairment. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not 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 net surplus.

(c) *Transaction costs*

The entity recognized its transaction costs in net surplus in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance, or assumption.

(d) *Risks*

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit risk is the risk that one party to a financial asset will cause a financial loss for the company by failing to discharge an obligation. The Entity provides credit to its clients in the normal course of operations. The Entity's main credit risks relate to its accounts receivable.

Market risk is the risk that 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: currency risk, interest rate risk, and other price risk. It is management's opinion that the Entity does not have a significant exposure to any of these risks.