Bruyère Foundation

Financial Statements

March 31, 2016

Bruyère Is There.

www.bruyere.org

Fondation Bruyère Foundation

INDEPENDENT AUDITOR’S REPORT

To the Members of the Board of Directors of
Bruyère Foundation Inc.

We have audited the accompanying financial statements of Bruyère Foundation Inc., which comprise the statement of financial position as at March 31, 2016, and the statements of revenue and expenses, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bruyère 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

June 23, 2016
Ottawa, Ontario

STATEMENT OF FINANCIAL POSITION

	March 31, 2016			March 31, 2015		
	General Fund $	Restricted Fund $	Total $	General Fund $	Restricted Fund $	Total $
ASSETS						
Current assets						
Cash	—	—	—	67,085	—	67,085
Restricted cash	—	**552,441**	**552,441**	—	592,465	592,465
Accounts receivable	**56,202**	—	**56,202**	105,564	—	105,564
Prepaid expenses	**25,400**	—	**25,400**	48,432	—	48,432
Due from Bruyère Continuing Care Inc. [*notes 3* and *4*]	**86,475**	**68,874**	**155,349**	—	—	—
	168,077	**621,315**	**789,392**	221,081	592,465	813,546
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities	**14,477**	**50,000**	**64,477**	18,351	32,360	50,711
Due to Bruyère Continuing Care Inc. [*notes 3* and *4*]	—	—	—	72,174	—	72,174
Deferred revenue	**16,525**	—	**16,525**	31,715	—	31,715
Total current liabilities	**31,002**	**50,000**	**81,002**	122,240	32,360	154,600
Fund balances						
Restricted	—	**571,315**	**571,315**	—	560,105	560,105
General	**137,075**	—	**137,075**	98,841	—	98,841
Total fund balances	**137,075**	**571,315**	**708,390**	98,841	560,105	658,946
	168,077	**621,315**	**789,392**	221,081	592,465	813,546

See accompanying notes to the financial statements

On behalf of the Board:

F. Gilfillan

Chair: Fiona Gilfillan

C T Lebarron.

Treasurer: Clifford T. Lebarron

STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2016			2015		
	General Fund	**Restricted Fund**	**Total**	**General Fund**	**Restricted Fund**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
REVENUE						
Donations	**1,238,961**	**2,176,358**	**3,415,319**	1,033,314	2,716,154	3,749,468
Investment income	**7,320**	**—**	**7,320**	25,683	—	25,683
Re-allocation fee	**6,892**	**(6,892)**	**—**	16,086	(16,086)	—
Fundraising activities	**296,518**	**39,675**	**336,193**	1,250	—	1,250
	1,549,691	**2,209,141**	**3,758,832**	1,076,333	2,700,068	3,776,401
EXPENSES						
Salaries and employee benefits	**890,685**	**64,487**	**955,172**	738,934	166,383	905,317
Direct mail expenses	**63,473**	**—**	**63,473**	100,731	—	100,731
Professional fees	**93,854**	**—**	**93,854**	68,789	—	68,789
Insurance	**35,000**	**—**	**35,000**	35,000	—	35,000
Supplies and office expenses	**16,966**	**—**	**16,966**	14,915	395	15,310
Donor cultivation and recognition	**16,352**	**—**	**16,352**	8,810	—	8,810
Fundraising activities expenses	**179,983**	**11,569**	**191,552**	662	—	662
Advertising	**53,890**	**168**	**54,058**	3,832	—	3,832
Bank charges	**22,140**	**—**	**22,140**	14,301	—	14,301
Public Relations	**36,615**	**—**	**36,615**	14,503	—	14,503
Other expenses	**36,805**	**177**	**36,982**	24,600	530	25,130
	1,445,763	**76,401**	**1,522,164**	1,025,077	167,308	1,192,385
Excess of revenue over expenses, before distributions	**103,928**	**2,132,740**	**2,236,668**	51,256	2,532,760	2,584,016
Distributions	**65,694**	**2,016,141**	**2,081,835**	5,673	3,798,721	3,804,394
Distributions-in-kind	**—**	**105,389**	**105,389**	—	112,222	112,222
Excess (deficiency) of revenue over expenses and distributions	**38,234**	**11,210**	**49,444**	45,583	(1,378,183)	(1,332,600)

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUND BALANCES

Year ended March 31

	2016			2015		
	General Fund $	**Restricted Fund $**	**Total $**	**General Fund $**	**Restricted Fund $**	**Total $**
Fund balances, beginning of year	**98,841**	**560,105**	**658,946**	46,707	1,944,839	1,991,546
Excess (deficiency) of revenue over expenses and distributions	**38,234**	**11,210**	**49,444**	45,583	(1,378,183)	(1,332,600)
Interfund transfers *[note 5]*	—	—	—	6,551	(6,551)	—
Fund balances, end of year	**137,075**	**571,315**	**708,390**	98,841	560,105	658,946

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2016 $	2015 $
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses and distributions	**49,444**	(1,332,600)
Changes in non-cash operating working capital items:		
Accounts receivable	**49,362**	(100,045)
Prepaid expenses	**23,032**	(48,432)
Due from / to Bruyère Continuing Care Inc.	**(227,523)**	112,560
Accounts payable and accrued liabilities	**13,766**	34,349
Deferred revenue	**(15,190)**	31,715
Cash used in operating activities	**(107,109)**	(1,302,453)
INVESTING ACTIVITY		
Decrease of restricted cash	**40,024**	1,352,374
Cash provided by investing activity	**40,024**	1,352,374
Net increase in cash	**(67,085)**	49,921
Cash, beginning of year	**67,085**	17,164
Cash, end of year	**—**	67,085

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF ENTITY

The Bruyère Foundation Inc. [“the Foundation”] was incorporated in August 1995 under the Corporations Act of Ontario to provide funds for the promotion, development, operation, maintenance and other benefit of Bruyère Continuing Care Inc. [“Bruyère”] and each of the institutions and programs with which it is affiliated or associated. The Foundation is a registered charity under the Income Tax Act and as such is exempt from income taxes and may issue charitable donation receipts. The President and CEO of Bruyère is an ex-officio director of the Board, which is composed of a maximum of seventeen members.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations [“ASNPO”]. The significant accounting policies are summarized as follows:

Fund accounting

In accordance with the principles of fund accounting, the Foundation maintains its accounting records to ensure that limitations and restrictions placed on the use of available resources are observed. Under this method, all resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. Accordingly, separate accounts are maintained for the General Fund and the Restricted Fund.

The General Fund consists of the Foundation’s program delivery and administrative activities. This fund reports unrestricted resources.

The Restricted Fund consists of externally restricted resources that are to be used for specific sites, programs or purposes.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Donations are recognized as revenue when received. Pledges are not recorded until the donations are actually received, except when the amount to be received can be reasonably estimated and collection is ultimately assured.

Contributions related to general operations are recognized as revenue of the General Fund. Externally restricted contributions are recognized as revenue of the Restricted Fund.

Investment income is recognized in the Restricted Fund for those specific donations that specifically request allocation of interest to this fund. The General Fund recognizes all other investment income.

NOTES TO THE FINANCIAL STATEMENTS

Reallocation fee

The Foundation applies a reallocation fee of up to 10% to restricted gifts excluding campaign and special events and of up to 20% on net revenue from events. This reallocation allows the Foundation greater flexibility in funding the priorities of Bruyère and the Bruyère Research Institute Inc. [“BRI”].

Contributed materials and services

The Foundation recognizes contributed materials and services when their fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation’s operations and would otherwise have been purchased.

The financial statements do not reflect the value of services contributed by volunteers.

Financial instruments

Financial instruments are initially recognized at fair value and are subsequently measured as described below:

Asset / Liability	
Cash	Fair value
Restricted cash	Fair value
Accounts receivable	Amortized cost
Due from / to Bruyère Continuing Care Inc.	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

All changes in fair value are recorded in the statement of revenue and expenses.

It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The more significant area requiring the use of estimates relates to recoverability of accounts receivable, the amount of certain accrued liabilities and the valuation of in-kind donations and distributions. Actual results could differ from these estimates.

3. RELATED PARTY TRANSACTIONS

The Foundation proactively raises funds in support of the financial goals of Bruyère and the institutions and programs with which it is affiliated or associated. During the year, the Foundation distributed $907,731 [2015 - $2,379,289] to Bruyère, $137,004 [2015 – $412,846] to BRI and $1,037,000 [2015 - $959,000] to affiliated or associated institutions and programs. The Foundation also contributed distributions-in-kind of $105,389 [2015 - $90,224] to Bruyère and $nil [2015 - $21,998] to affiliated or associated institutions and programs.

Bruyère provided the Foundation with financial, human resources and information systems services as well as occupation cost for a minimal charge of $50,000 [2015 - $50,000], based on cost and ability to pay.

All revenue and expenses of the Foundation are initially respectively received and paid by Bruyère. As a result, $155,349 is receivable from Bruyère [2015 - $72,174 was payable].

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established by the related entities.

4. GOVERNMENT REMITTANCES

As at March 31, 2016, $11,621 of government remittances is netted in the Due to Bruyère Continuing Care Inc. [2015 - $11,840 netted in the Due from Bruyère Continuing Care Inc.].

5. INTERFUND TRANSFERS

During the year, $nil [2015 - $6,551] were transferred from the Restricted Fund to the General Fund.

6. PENSION PLAN

Substantially all of the employees of the Foundation are members of the Healthcare of Ontario Pension Plan [“HOOPP”], which is a multi-employer defined benefit pension plan available to all eligible employees of the healthcare community. The plan is accounted for as a defined contribution plan. Contributions to HOOPP made during the year by the Foundation on behalf of its employees amounted to $71,639 [2015 - $69,915] and are included in salaries and employee benefits in the statement of revenue and expenses.

Pension expense is based on HOOPP management’s best estimates, in consultation with its actuaries, of the amount required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by HOOPP. The funding objective is for employer contributions to HOOPP to remain a constant percentage of employees’ contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of HOOPP as at December 31, 2015 indicated HOOPP is fully funded.

7. CONTINGENT LIABILITY

The Foundation is contingently liable under one letter of credit for a total of $10,000, expiring on March 9, 2017, related to lottery license, which have been issued in the normal course of operations and were unused as at March 31, 2016. The 50/50 staff lottery draw is schedule to start in fiscal year 2016-2017.

8. CAPITAL MANAGEMENT

The Foundation includes restricted and unrestricted fund balances in the definition of capital.

In managing capital, the Foundation focuses on liquid resources available for operations. The Foundation's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2016, the Foundation has met its objective of having sufficient liquid resources to meet its current obligations.

The Foundation is subject to externally imposed restrictions on the use of contributions, which are to be used for specific sites, programs or purposes. During the year, the Foundation complied with all externally imposed restrictions.