



BRUYÈRE FOUNDATION INC.
FINANCIAL STATEMENTS
MARCH 31, 2024



KPMG LLP

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the Bruyère Foundation Inc. (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ 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.



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 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 overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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.



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- 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 auditors' 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 auditors' 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 12, 2024

STATEMENT OF FINANCIAL POSITION

	March 31, 2024				March 31, 2023			
	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total
	Fund	Funds	Fund		Fund	Funds	Fund	
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Current assets								
Cash and cash equivalents	126,583	2,046,086	93,385	2,266,054	331,099	4,469,972	116,514	4,917,585
Accounts receivable	25,265	8,750	8,750	42,765	39,969	—	—	39,969
Prepaid expenses	14,587	—	—	14,587	23,185	—	—	23,185
Due from Bruyère Continuing Care Inc. [notes 3 and 4]	91,289	—	—	91,289	291,790	—	—	291,790
Short-term investments [note 5]	—	—	43,698	43,698	—	—	—	—
Total current assets	257,724	2,054,836	145,833	2,458,393	686,043	4,469,972	116,514	5,272,529
Long-term investments [note 5]	—	—	35,000	35,000	—	—	—	—
	257,724	2,054,836	180,833	2,493,393	686,043	4,469,972	116,514	5,272,529
LIABILITIES AND FUND BALANCES								
Current liabilities								
Accounts payable and accrued liabilities	32,843	—	—	32,843	20,606	—	—	20,606
Deferred revenue	7,360	—	—	7,360	5,280	—	—	5,280
Total current liabilities	40,203	—	—	40,203	25,886	—	—	25,886
Fund balances								
General	217,521	—	—	217,521	660,157	—	—	660,157
Externally Restricted	—	2,054,836	—	2,054,836	—	2,325,068	—	2,325,068
Internally Restricted [note 6]	—	—	—	—	—	2,144,904	—	2,144,904
Endowment	—	—	180,833	180,833	—	—	116,514	116,514
Total fund balances	217,521	2,054,836	180,833	2,453,190	660,157	4,469,972	116,514	5,246,643
	257,724	2,054,836	180,833	2,493,393	686,043	4,469,972	116,514	5,272,529

See accompanying notes to the financial statements

On behalf of the Board:



Chair: Daniel Fernandes



Treasurer: John Wright

STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2024				2023			
	General Fund \$	Restricted Funds \$	Endowment Fund \$	Total \$	General Fund \$	Restricted Funds \$	Endowment Fund \$	Total \$
REVENUE								
Donations	1,076,722	2,227,415	26,720	3,330,857	843,270	3,137,679	115,408	4,096,357
Lottery	155,080	—	—	155,080	186,770	—	—	186,770
Investment income [note 5]	221,394	—	7,591	228,985	222,782	—	1,106	223,888
Re-allocation fee	39,342	(39,342)	—	—	51,911	(51,911)	—	—
Fundraising activities	46,512	106,765	73,945	227,222	68,227	66,503	—	134,730
	1,539,050	2,294,838	108,256	3,942,144	1,372,960	3,152,271	116,514	4,641,745
EXPENSES								
Salaries and wages	1,033,303	135,808	—	1,169,111	617,965	641,625	—	1,259,590
Employee benefits	291,427	25,263	—	316,690	150,707	123,113	—	273,820
Direct marketing	165,651	37,864	—	203,515	213,180	—	—	213,180
Professional fees	83,040	—	—	83,040	101,751	—	—	101,751
Life insurance premium	20,000	—	—	20,000	20,000	—	—	20,000
Supplies and office	8,023	—	—	8,023	10,574	—	—	10,574
Donor cultivation and recognition	28,481	24,007	—	52,488	32,723	—	—	32,723
Fundraising activities	—	38,937	38,937	77,874	17,017	7,952	—	24,969
Lottery	100,179	—	—	100,179	132,285	—	—	132,285
Marketing and promotion	159,532	—	—	159,532	239,142	—	—	239,142
Processing fees	23,962	—	—	23,962	20,663	—	—	20,663
Software Maintenance	60,425	—	—	60,425	40,670	—	—	40,670
Professional development	800	—	—	800	9,809	—	—	9,809
Other	6,215	—	—	6,215	10,892	—	—	10,892
	1,981,038	261,879	38,937	2,281,854	1,617,378	772,690	—	2,390,068
Excess (deficiency) of revenue over expenses, before distributions	(441,988)	2,032,959	69,319	1,660,290	(244,418)	2,379,581	116,514	2,251,677
Distributions	—	4,242,613	5,000	4,247,613	242	3,710,610	—	3,710,852
Distributions-in-kind	—	206,130	—	206,130	—	136,602	—	136,602
Excess (deficiency) of revenue over expenses and distributions	(441,988)	(2,415,784)	64,319	(2,793,453)	(244,660)	(1,467,631)	116,514	(1,595,777)

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUND BALANCES

Year ended March 31

	2024					2023				
	General Fund \$	Internally Restricted Fund \$	Externally Restricted Funds \$	Endowment Fund \$	Total \$	General Fund \$	Internally Restricted Fund \$	Externally Restricted Funds \$	Endowment Fund \$	Total \$
Fund balances, beginning of year	660,157	2,144,904	2,325,068	116,514	5,246,643	1,021,995	3,363,726	2,456,699	—	6,842,420
Excess (deficiency) of revenue over expenses and distributions	(441,988)	(2,145,552)	(270,232)	64,319	(2,793,453)	(244,660)	(1,300,000)	(167,631)	116,514	(1,595,777)
Interfund transfer	(648)	648	—	—	—	(117,178)	81,178	36,000	—	—
Fund balances, end of year	217,521	—	2,054,836	180,833	2,453,190	660,157	2,144,904	2,325,068	116,514	5,246,643

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2024	2023
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses and distributions	(2,793,453)	(1,595,777)
Changes in non-cash operating working capital items:		
Amounts receivable	(2,796)	(19,313)
Prepaid expenses	8,598	28,498
Due (from) to Bruyère Continuing Care Inc.	200,501	(221,307)
Accounts payable and accrued liabilities	12,237	3,969
Deferred revenue	2,080	(41,050)
Cash used in operating activities	(2,572,833)	(1,844,980)
Investing activities		
Deposits to externally managed investments	(78,698)	—
Cash used in investing activities	(78,698)	—
Net decrease in Cash during the year	(2,651,531)	(1,844,980)
Cash and cash equivalents, beginning of year	4,917,585	6,762,565
Cash, end of year	2,266,054	4,917,585

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.

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, the Restricted Funds, and the Endowment Fund.

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

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

The Endowment Fund consists of externally restricted resources contributed for endowment where the principal must be held in perpetuity. Investment income earned on the resources of the Endowment Fund is reported in the fund.

Revenue recognition

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

Donations including gift-in-kinds are recognized as revenue when received. Pledges are not recorded until the donations are received, except when the amount to be received can be reasonably estimated and ultimate collection is reasonably 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 both the Endowment Fund and the Restricted Funds for those specific donations that specifically request allocation of interest to these funds. The General Fund recognizes all other investment income.

Fundraising activities are recognized as revenue in both general and restricted funds when earned.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fund Transfers

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. ["Bruyère RI"].

Campaign expenses allocation

To better reflect the statement of revenue and expenses regarding the on-going campaign activities in the Restricted Fund, the Foundation transfers a portion of its general fund expenses to the restricted fund. The Foundation allocates salaries and benefits based on estimated percentage work for the campaign from each and individual employee.

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 and cash equivalent	Fair value
Investments	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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits

The Foundation is an employer member of the Healthcare of Ontario Pension Plan [“HOOPP”], which is a multi-employer defined benefit pension plan. Bruyère has adopted defined contribution plan accounting principles for the Plan because insufficient information is available to apply defined benefit plan accounting principles.

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 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

Bruyère, Bruyère RI and affiliated institutions and programs

Bruyère exercises significant influence over the Foundation and the Bruyère Research Institute Inc. [“Bruyère RI”], with the cross appointment of ex-officio board members as required by the by-laws of the individual corporations.

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 \$4,041,440 [2023 - \$3,660,424] to Bruyère, \$206,173 [2023 - \$50,027] to Bruyère RI and \$0 [2023 - \$402] to affiliated or associated institutions and programs. The Foundation also contributed distributions-in-kind of \$206,130 [2023 - \$136,602] to Bruyère consisting of medical supplies, life insurance policy and other gifts.

Bruyère provided the Foundation with financial, human resources and information systems services as well as occupation cost for an exchange amount of \$52,800 [2023 - \$52,300], based on cost and ability to pay.

All revenue and expenses of the Foundation are initially received and subsequently paid by Bruyère. As at March 31, 2024, the Foundation has a receivable of \$91,289 [2023 - \$291,790].

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.

NOTES TO THE FINANCIAL STATEMENTS

3. RELATED PARTY TRANSACTIONS (continued)

Ottawa Hospitals Food Association [formerly Healthcare Food Services Inc.]

The Foundation and Ottawa Hospitals Food Association [“OHFA”] are related parties by virtue of both entities being related parties of Bruyère.

On May 13, 2019, the Board of Directors of Hospital Food Services Inc. [“HFS”] finalized the sale of substantially all of the assets of HFS to a third party purchaser. As unanimously agreed upon by the Member Hospitals and the Board of Directors of HFS, the net proceeds of the HFS sale were distributed to each of the member Hospitals respective foundations. Effective on the date of sale, HFS changed its operating name to Ottawa Hospitals Food Association [“OHFA”].

On February 27, 2023, the Board of Directors of OHFA approved a motion to proceed with a distribution of \$366,826 [June 11, 2021- \$2,700,000] to the member hospital Foundations based on their share. Under the terms of the contribution, the amount is to be used to benefit of the Hospital. The Bruyère Foundations share of the distribution is 22.13%. During the fiscal year, the Foundation received a final distribution of \$648 [2023 - \$81,178], both recorded in unrestricted donations on the Statement of Operations.

4. GOVERNMENT REMITTANCES

Included in the due from Bruyère is \$33,243 of government remittances [2023 - \$16,689].

5. INVESTMENTS

Long-term investments have an asset mix as follows:

	2024	2023
	\$	\$
Short-term investments		
Canadian equities	43,698	—
	<u>43,698</u>	<u>—</u>
Long-term investments		
Canadian fixed income	35,000	—
	<u>35,000</u>	<u>—</u>

The Foundation has established investment policy guidelines providing direction and restriction as to the mix and quality of its investment portfolio. The amount invested in pooled funds have been allocated among the asset classes and is consistent with the investment policy statement.

Investment income earned on the Foundation’s assets consists of the following:

	2024	2023
	\$	\$
Interest on Cash and cash equivalents	221,394	223,888
Realized and unrealized gains and losses	7,591	—
	<u>228,985</u>	<u>223,888</u>

NOTES TO THE FINANCIAL STATEMENTS

6. INTERFUND TRANSFERS

The Foundation restricted funds consist of on-going fundraising activities or campaigns as well as donor restricted gifts. The end of year fund balance of on-going fundraising activities or campaigns can vary from a deficit to a surplus position depending on the level of funds received compared to the effort invested. In the event of a fundraising activity or campaign concluding in a deficit position, the General fund would cover such deficit. During the fiscal year, no transfer from the General Fund to the Restricted Fund was approved by the Board of Directors [2023 - \$36,000].

During the year, the Board of Directors of the Foundation approved the transfer of the final distribution from the sale of OHFA [see note 4] to its internally restricted fund.

In addition, the Foundation distributed the full balance of the internally restricted fund to Bruyère.

7. 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. Contributions to HOOPP made during the year by the Foundation on behalf of its employees amounted to \$108,698 [2023 - \$107,634] 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, 2023 indicated HOOPP is fully funded.

8. FINANCIAL RISKS

Fair value hierarchy

Financial instruments are grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISKS (continued)

Cash and cash equivalents are Level 1 financial instruments.

Investments in Canadian fixed income are Level 1 financial instruments.

Investments in Canadian equities are Level 1 financial instruments.

There were no transfers between levels for the year ended March 31, 2024.

Financial instrument risk management

Credit risk

Credit risk arises from the potential that a counterparty to an instrument will fail to perform its obligations.

The Foundation is exposed to credit risk on its accounts receivable. The maximum exposure to credit risk is carrying value reported in the statement of financial position. Credit risk is mitigated through collection practices and the diverse nature of amounts within accounts receivable.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure credit risk.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet all cash flow obligations as they come due. The Foundation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and cash flow analysis.

Accounts payable and accrued liabilities and the due to Bruyère mature within one year.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure liquidity risk.

The Foundation is not exposed to significant interest rate, other price risks or currency risks.

9. CONTINGENT LIABILITY

The Foundation is contingently liable under one letter of credit for a total of \$91,000 [2023 – \$91,000], automatically renewed with a notification of non-renewal of 30 days, related to a lottery license, which has been issued in the normal course of operations and was unused as at March 31, 2024 [2023 – \$ nil].

NOTES TO THE FINANCIAL STATEMENTS

10. 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, 2024, 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.

11. ALLOCATION OF GENERAL SUPPORT EXPENSES

The Foundation allocated from its general fund into the restricted funds the following expenses:

	2024	2023
	\$	\$
Salaries and Wages	135,808	641,625
Benefits	25,263	123,113
Direct marketing	37,864	—
Donor cultivation and recognition	24,007	—
Fundraising activities	38,937	7,952
	<u>261,879</u>	<u>772,690</u>