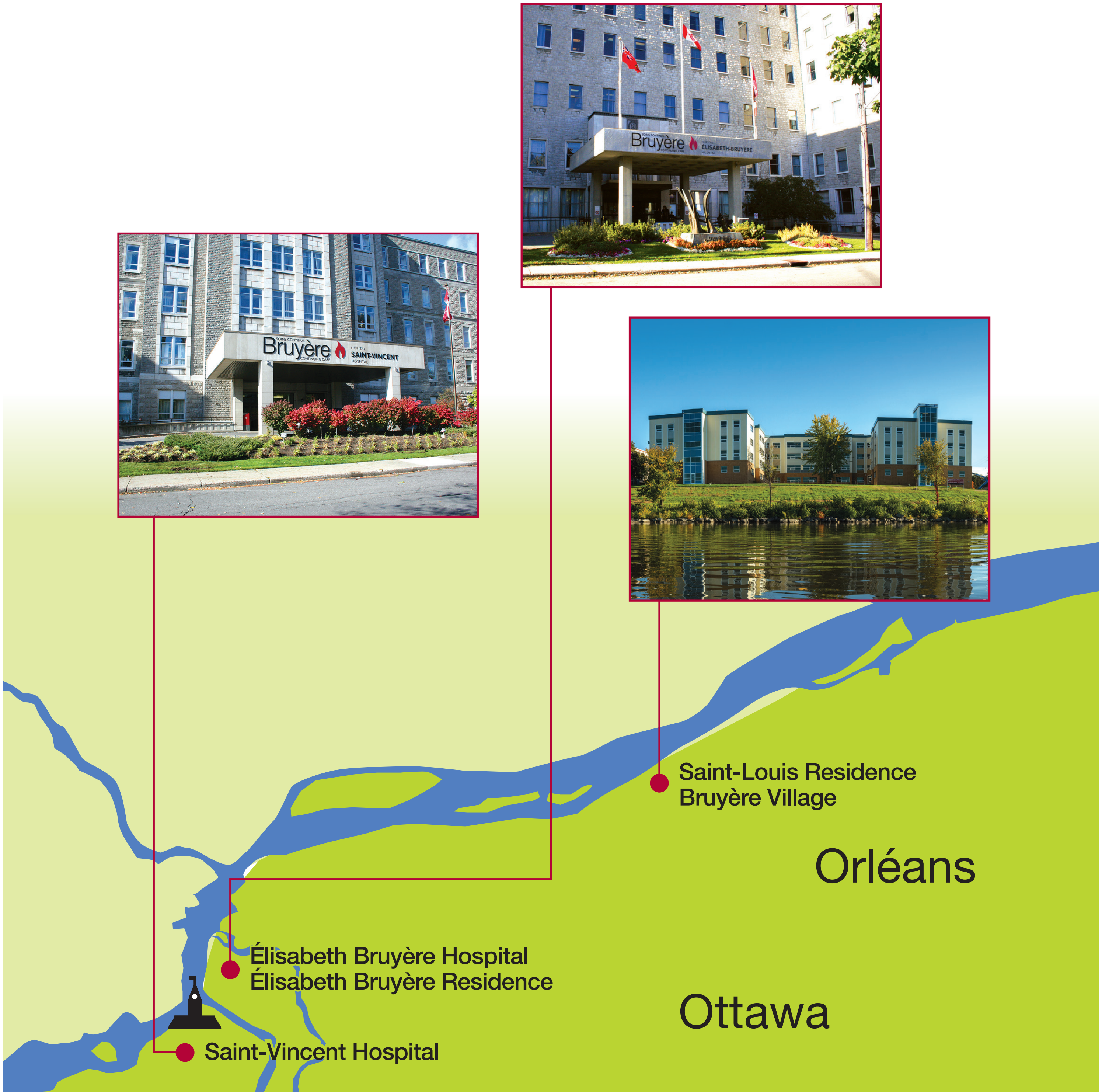
Consolidated Financial Statements

March 31, 2020



INDEPENDENT AUDITOR'S REPORT

KPMG LLP
150 Elgin Street, Suite 1800
Ottawa ON K2P 2P8
Canada
Telephone 613-212-5764
Fax 613-212-2896

To the Board of Directors of Bruyère Continuing Care Inc.

Opinion

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

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of revenue and expenses for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to consolidated 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 end of March 31, 2020, and its statement of revenue and expenses, its statement of changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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.

Other Matter

The financial statements for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 20, 2019.

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 public sector accounting standards 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 25, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	March 31, 2020 $	March 31, 2019 $
ASSETS		
Current assets		
Cash	**12,840,116**	11,631,982
Accounts receivable - Government	**1,761,616**	1,665,152
- Patient service	**2,005,612**	2,142,392
- Other	**1,553,690**	2,090,052
Inventories *[note 3]*	**844,842**	777,794
Prepaid expenses	**1,202,515**	690,043
Total current assets	**20,208,391**	18,997,415
Capital assets and equipment under capital lease *[note 4]*	**255,147,375**	261,313,438
Restricted cash *[note 5]*	**5,803,059**	4,999,579
Trust assets *[note 6]*	**1,055,020**	1,019,489
	282,213,845	286,329,921
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities *[note 7]*	**31,178,411**	28,817,789
Current portion of long-term debt and obligation *[notes 8 & 9]*	**1,548,932**	1,497,018
Deferred revenue	**381,337**	193,723
Total current liabilities	**33,108,680**	30,508,530
Long-term liabilities		
Trust liabilities *[note 6]*	**1,055,020**	1,019,489
Deferred contributions related to capital assets *[note 10]*	**154,127,924**	155,673,852
Long-term debt *[note 8]*	**53,297,982**	54,485,104
Obligation under capital lease *[note 9]*	**2,063,090**	2,424,900
Post-employment benefits *[note 14]*	**2,331,300**	2,650,800
Post-retirement benefits *[note 14]*	**5,045,000**	4,851,500
Total long-term liabilities	**217,920,316**	221,105,645
Commitments and contingencies [note 16]		
Net assets		
Invested in capital assets *[note 11a]*	**46,818,452**	49,457,498
Unrestricted (deficiency)	**(16,727,657)**	(15,516,397)
Externally restricted		
Capital and contingency replacement fund *[note 11c]*	**1,094,054**	774,645
Total net assets	**31,184,849**	34,715,746
	282,213,845	286,329,921

See accompanying notes to the financial statements

On behalf of the Board:

Chair: Louis Savoie

Treasurer: Philippe Renaud

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	Hospitals	LTC Homes	Academic Research	CSS	Village	Total 2020	Total 2019
	$	$	$	$	$	$	$
REVENUE							
MOH / LTC / LHIN grants	**96,858,682**	**15,587,148**	**3,534,151**	**4,535,821**	**73,530**	**120,589,332**	117,936,883
Patient revenue from other payors	**6,220,755**	—	**2,476,741**	—	—	**8,697,496**	9,247,513
Room differential and co-payment	**8,623,124**	**6,032,638**	—	—	—	**14,655,762**	14,628,499
Recoveries and miscellaneous revenue	**6,393,460**	**395,623**	**1,028,599**	**23,945**	**715,094**	**8,556,721**	9,065,922
Rental income	**466,214**	**62,703**	—	—	**7,196,600**	**7,725,517**	7,384,456
Amortization of deferred contributions for major equipment and software	**815,729**	**69,389**	**1,712**	**3,742**	**3,090**	**893,662**	732,304
	119,377,964	**22,147,501**	**7,041,203**	**4,563,508**	**7,988,314**	**161,118,490**	158,995,577
EXPENSES							
Salaries and wages	**75,952,772**	**12,858,728**	**4,019,965**	**3,297,155**	**1,329,557**	**97,458,177**	92,914,295
Benefit contributions	**22,332,536**	**3,667,572**	**1,024,193**	**560,896**	**309,169**	**27,894,366**	26,996,929
Medical staff remuneration	**1,369,420**	**82,624**	**567,010**	—	—	**2,019,054**	1,820,060
Supplies and other expenses	**14,202,958**	**4,793,899**	**1,308,297**	**684,887**	**2,270,271**	**23,260,312**	23,408,906
Medical and surgical supplies	**2,037,707**	**677,756**	**58,512**	**5,109**	**1,754**	**2,780,838**	2,639,450
Drugs and medical gases	**3,319,498**	**887**	**18,733**	—	**228**	**3,339,346**	3,220,802
Bad debts (recovery)	**95,518**	**(20,513)**	—	—	**7**	**75,012**	109,819
Banking charges and interest	**48,610**	—	—	—	**1,009**	**49,619**	47,322
Amortization of major equipment and software	**2,288,160**	**108,563**	**16,319**	**3,742**	**8,210**	**2,424,994**	2,444,863
Rental and lease of equipment	**216,216**	**4,476**	**28,174**	**11,719**	**975**	**261,560**	304,038
	121,863,395	**22,173,992**	**7,041,203**	**4,563,508**	**3,921,180**	**159,563,278**	153,906,484
Excess of revenue over expenses before the following items	**(2,485,431)**	**(26,491)**	—	—	**4,067,134**	**1,555,212**	5,089,093
Amortization of deferred contributions of land improvement, building and building service equipment	**(3,981,759)**	**(873,206)**	—	—	**(236,720)**	**(5,091,685)**	(4,946,261)
Amortization of land improvement, building and building service equipment	**5,036,012**	**1,059,654**	—	—	**1,861,822**	**7,957,488**	8,037,547
Interest expense on long-term debt	—	—	—	—	**2,137,449**	**2,137,449**	2,176,671
Interest expense on obligation under capital lease	**82,857**	—	—	—	—	**82,857**	93,773
Excess (deficiency) of revenue over expenses	**(3,622,541)**	**(212,939)**	—	—	**304,583**	**(3,530,897)**	(272,637)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)

	Externally restricted Capital and contingency replacement fund $	Invested in capital assets $	Unrestricted (deficiency) $	2020 $	2019 $
Net assets (deficiency), beginning of year	**774,645**	**49,457,498**	**(15,516,397)**	**34,715,746**	34,988,383
Deficiency of revenue over expenses	**—**	**—**	**(3,530,897)**	**(3,530,897)**	(272,637)
Net change in net assets invested in capital assets *[note 11b]*	**—**	**(2,639,046)**	**2,639,046**	**—**	—
Transfer *[note 11c]*	**319,409**	**—**	**(319,409)**	**—**	—
Net assets (deficiency), end of year	**1,094,054**	**46,818,452**	**(16,727,657)**	**31,184,849**	34,715,746

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOW

Year ended March 31

	2020 $	2019 $
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	**(3,530,897)**	(272,637)
Change in deferred revenue	**187,614**	(65,005)
Add (deduct) items not affecting cash		
Amortization of capital assets and equipment under capital lease	**10,382,482**	10,482,410
Amortization of deferred contributions related to capital assets	**(5,985,347)**	(5,678,565)
Post-employment benefits	**(319,500)**	1,881
Post-retirement benefits	**193,500**	481,300
	927,852	4,949,384
Changes in non-cash operating working capital items:		
Accounts receivable	**576,678**	871,700
Inventories	**(67,048)**	(61,791)
Prepaid expenses	**(512,472)**	130,695
Accounts payable and accrued liabilities	**1,806,984**	205,195
Cash provided by operating activities	**2,731,994**	6,095,183
INVESTING ACTIVITIES		
Increase of restricted cash	**(803,480)**	(305,341)
Purchase of capital assets	**(4,216,419)**	(3,094,666)
Change in payables related to purchase of capital assets	**553,638**	(221,757)
Cash used in investing activities	**(4,466,261)**	**(3,621,764)**
FINANCING ACTIVITIES		
Repayment of long-term debt	**(1,146,475)**	(1,107,379)
Repayment of obligation under capital lease	**(350,543)**	(339,627)
Deferred contributions received for capital assets	**4,439,419**	2,351,601
Cash provided by financing activities	**2,942,401**	904,595
Net increase in cash	**1,208,134**	**3,378,014**
Cash, beginning of year	**11,631,982**	8,253,968
Cash, end of year	**12,840,116**	11,631,982

See accompanying notes to the financial statements

1. NATURE OF ENTITY

Bruyère Continuing Care Inc. [“Bruyère”] was incorporated in April 1996 under the Corporations Act of Ontario and is a registered charity under the Income Tax Act. Inspired by its founder, Mother Élisabeth Bruyère, Bruyère is a Catholic health care organization committed to improving the quality of life of its patients and residents. Bruyère is sponsored by the Catholic Health Corporation of Ontario whose directors are Members of Bruyère.

Bruyère consists of Saint-Vincent Hospital [“SVH”] and Élisabeth Bruyère Hospital [“EBH”], which constitute the Bruyère Hospitals [“Hospitals”], the Saint-Louis Residence [“SLR”] and the Élisabeth Bruyère Residence [“EBR”] which constitute the Long-term Care Homes [“LTC Homes”], Community Support Services [“CSS”], Bruyère Village [“Village”] and Academic Research [“AR”]. Under the umbrella of AR includes both the Family Health Team and Diabetes Education Program which were incorporated under the name Bruyère Academic Family Health Team [“BAFHT”] on December 28, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Bruyère is controlled by the Province of Ontario and is deemed to be a government not-for-profit organization under the Canadian public sector accounting standards. The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for Government not-for-profit organizations [“PSAS-GNPO”] and include the following significant accounting policies:

Basis of presentation

The consolidated financial statements include the accounts of Bruyère and BAFHT. Intercompany balances and transactions between the entities have been eliminated from the consolidated financial statements.

Financial instruments

The classification of financial instruments is as follows:

Asset / Liability	
Cash	Fair value
Trust assets	Fair value
Restricted cash	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Trust liabilities	Fair value
Long-term debt	Amortized cost
Obligation under capital lease	Amortized cost

This fair value option is available for any instrument, upon an irrevocable designation made on initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

An impairment loss is measured as the difference between the current carrying amount of the asset and the highest amount the entity expects to collect through the present value of future cash flows, the sale of the financial asset on the consolidated statement of financial position date and collection of collateral. Financial assets are assessed for impairment on an annual basis. When a loss is determined to be other than temporary, the amount of loss is reported in the statement of operations.

Transaction costs are expensed as incurred.

Revenue recognition

Bruyère follows the deferral method of accounting for contributions, which include donations and government grants.

Hospitals: EBH and SVH hospitals are funded by the Champlain Local Health Integration Network ["LHIN"] under the Public Hospitals Act and associated regulations. The funding is the object of a Service Accountability Agreement ["H-SAA"] which together with the Act, puts limits on the use of the funding. Bruyère is responsible for any deficit or surpluses. Once the accountability obligations have been met, surpluses can be recorded in Net Assets.

LTC Homes: EBR and SLR homes consist of 269 beds [EBR - 71 beds; RSL - 198 beds] facility funded by the LHIN under the Long Term Care Homes Act and regulations thereof. The funding is the object of a Long-Term Care Home Service Accountability Agreement – Multi Homes ["L-SAA EBR" and "L-SAA RSL"] which together with the Act, puts limits on the use of the funding. The use of funds is allocated by specific envelopes that restrict its use and unused funds are subject to repayment. Bruyère is responsible for any deficit or surpluses in controlled envelopes that are returned to the Champlain LHIN, except for the Other Accommodation envelope which can be recorded in Net Assets.

Academic Research: Academic Research supports an academic environment for the training of physicians, medical students and other allied health students in a family medicine setting. The Academic Research also provides financial support to the Bruyère Research Institute. The Academic Research is responsible for any deficit or surpluses which can be recorded in Net Assets.

On December 28th, 2018, both the Family Health Team and Diabetes Education Program were incorporated under the name of BAFHT. All assets and liabilities, statement of financial position of this corporation are consolidated within the Bruyère Continuing Care Inc. consolidated financial statements as Bruyère controls the organization.

CSS: Bruyère operates Community Support Services programs that are funded by the LHIN under the Local Health System Integration Act and regulations thereof. The funding is the object of a Multi-Sector Service Accountability Agreement ["M-SAA"] which together with the Act, puts limits on the use of the funding. Any surpluses are the object of repayments to the LHIN and deficits are the responsibility of Bruyère.

Bruyère Village: The Village provides a continuum of services, bridging the gap between independent living and long-term care. The Village offers 78 units for independent living, 45 of which are affordable housing funded under the Canada / Ontario Affordable Housing Plan. In addition to the 78 units, another 149 units are fully assisted living apartments partially funded by the LHIN. Bruyère is responsible for any deficit or surpluses which can be recorded in Net Assets.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Restricted investment income earned on unspent capital contributions is recognized as an increase in deferred contributions related to capital assets. Unrestricted investment income is recognized as revenue when earned and presented under recoveries and miscellaneous revenue.

Service revenues are recognized when the related service is provided.

Related party transactions in the normal course of operations are recorded at the exchange amount.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year to assist Bruyère in carrying out its services. Because of the difficulty of determining the fair value, contributed services are not recognized in the consolidated financial statements.

Contributed capital assets

Contributions received in the form of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the contributed capital assets. Contributions received in the form of capital assets that will not be amortized are recognized as a direct increase in net assets.

Inventories

Retail pharmacy's inventories are valued at the lower of weighted average cost and net realizable value. Other inventories are valued at the lower of weighted average cost and replacement cost.

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis using the following rates:

Land	Not amortized due to its infinite life
Land improvements	5 – 25 years
Building	20 – 40 years
Building service and equipment	5 – 20 years
Equipment under capital lease	20 years
Major equipment	5 – 25 years
Software	5 years

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction in progress and software under development are not amortized until the projects are complete and the assets are put into use.

Bruyère capitalizes interest costs incurred during the construction of its projects.

Trust funds

Bruyère holds resources and makes disbursements on behalf of various unrelated individuals or groups. Bruyère has no discretion over such transactions. Bruyère also administers trust funds on behalf of patients and pursuant to trust agreements, which are subject to restrictions. Resources received in connection with such trust funds are reported as trust assets and liabilities. Transactions related to these funds are not reported as revenue or expenses of Bruyère.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long-term service potential. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its residual value.

Post-employment and post-retirement benefits

Bruyère provides defined retirement and other futures benefits for substantially all retirees and employees. These future benefits include life insurance and health care benefits. Bruyère accrues its obligations for employee benefit plans as the employees render the services necessary to earn the benefits. The cost of post-employment and post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of the discount rate, retirement ages of employees, expected health care costs and other actuarial factors. The accrued benefit obligation is measured for accounting purposes as at March 31st. Actuarial gains and losses arising in a year are amortized into future years' expenses over the average remaining service period of active employees. Past service costs arising from a plan amendment are recognized as incurred. The average remaining service period of the active employees covered by benefit plans is 11 years [2019 – 11 years].

Bruyère 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.

Foreign currency translation

Transactions in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange in effect at the consolidated statement of financial position date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements in accordance with PSAS-GNPO 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The more significant areas requiring the use of estimates include the estimated useful life of capital assets, the fair market value of contributed capital assets, recoverability of receivables, the amount of certain accrued liabilities, potential retroactive union settlements as well as the assumptions underlying the post-employment benefits and post-retirement benefits calculations. Actual results could differ from these estimates.

3. INVENTORIES

Inventories consists primarily of drugs, medical and surgical supplies. The amount recognized as an expense during the year was $6,128,257 [2019 - $5,848,914].

4. CAPITAL ASSETS AND EQUIPMENT UNDER CAPITAL LEASE

	March 31, 2020		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Land	**41,742,729**	—	**41,742,729**
Land improvements	**295,537**	**161,626**	**133,911**
Building	**216,531,537**	**26,493,620**	**190,037,917**
Building service equipment	**19,283,357**	**4,329,087**	**14,954,270**
Construction in progress	**758,052**	—	**758,052**
Major equipment	**46,681,965**	**43,621,068**	**3,060,897**
Software	**16,624,518**	**14,915,949**	**1,708,569**
Software under development	—	—	—
Equipment under capital lease	**3,056,700**	**305,670**	**2,751,030**
	344,974,395	**89,827,020**	**255,147,375**

	March 31, 2019		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Land	41,742,729	—	41,742,729
Land improvements	295,537	149,940	145,597
Building	214,847,697	20,048,390	194,799,307
Building service equipment	18,236,122	2,981,352	15,254,770
Construction in progress	1,101,557	—	1,101,557
Major equipment	45,554,260	42,854,883	2,699,377
Software	14,835,796	13,257,138	1,578,658
Software under development	1,087,578	—	1,087,578
Equipment under capital lease	3,056,700	152,835	2,903,865
	340,757,976	79,444,538	261,313,438

5. RESTRICTED CASH

Restricted cash for long-term obligations reflects Bruyère's practice to designate assets required for future obligations, as follows:

	March 31, 2020	March 31, 2019
	$	$
Unspent capital contributions *[note 10]*	**2,709,005**	2,224,934
Capital and contingency replacement funds *[note 11c]*	**1,094,054**	774,645
Restricted Cash - Bruyere Village	**2,000,000**	2,000,000
	5,803,059	4,999,579

Bruyère is obligated to restrict excess cash flows generated by the Village up to the amount of $2 million. The usage of these funds in the debt service reserve account is subject to Ontario Infrastructure Lands Corporation ["IOLC"] consent and approval.

6. TRUST ASSETS AND LIABILITIES

Trust assets and liabilities represent the aggregate balance of cash held for third parties. Changes in the trust balance for the year are as follows:

	March 31, 2020	March 31, 2019
	$	$
Balance, beginning of year	**1,019,489**	992,602
Contributions received during the year	**605,903**	657,771
Disbursements made during the year	**(655,819)**	(675,502)
Transfers	**85,447**	44,618
Balance, end of year	**1,055,020**	1,019,489

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	March 31, 2019
	$	$
Accounts payable related to vendors	**12,244,359**	11,625,979
Employee/employer remittances payable	**3,329,616**	3,177,975
Accrued salaries & wages - general	**3,278,680**	2,463,315
Accrued salaries & wages - under negotiation	**2,077,737**	2,026,261
Vacation benefits payable	**8,541,608**	8,021,003
Other accrued benefits	**892,241**	567,235
Other accrued liabilities	**814,170**	936,021
	31,178,411	28,817,789

The amount of payables related to purchase of capital assets as at March 31, 2020 amounts to $1,309,806 [2019 - $756,168].

8. LONG-TERM DEBT

	March 31, 2020	March 31, 2019
	$	$
Village Debenture - Phase II	**41,293,599**	42,153,277
Village Debenture - Phase I	**12,691,505**	12,858,302
	53,985,104	55,011,579
SCO loan	**500,000**	620,000
Total long-term debt	**54,485,104**	55,631,579
Less current portion of long-term debt	**(1,187,122)**	(1,146,475)
	53,297,982	54,485,104

The repayments of capital of the long-term debt for the next five years are as follow:

	$
2021	1,187,122
2022	1,229,382
2023	1,273,320
2024	1,319,002
2025	1,266,497

8. LONG-TERM DEBT (continued)

Financing agreement – Bruyère Village

Through fiscal years 2012-2016, Bruyère entered into financing agreements [“Village Construction Loan”] for the construction of the Bruyère Village [“Phase I” and “Phase II”] with IOLC for a total of $57,446,319 of financing.

Village Debenture – Phase I

On August 1, 2013, Bruyère converted $13,668,750 [Construction loan – Phase I] to a fixed rate debenture. The debenture is for twenty years, amortized over 40 years with a 4.30% semi-annual rate [4.34% monthly equivalent] with monthly principal and interest payments of $59,703.

Village Debenture – Phase II

On March 1, 2017, Bruyère converted $43,777,569 Village Construction Loan – Phase II to a fixed rate debenture. The debenture is for twenty years, amortized over 30 years [starting April 1, 2017] with a 3.81% annual rate with monthly principal and interest payments of $204,234.

As at March 31st, 2020, Bruyère was in compliance with all the covenants of the financing agreement.

IOLC Security for Village Debenture – Phase I and Phase II

IOLC has a freehold charge/mortgage and assignment of rents against the Phase I lands with carrying value of $3,147,729 [2019 - $3,147,729] and a first ranking mortgage/charge on Phase II lands with a carrying value of $3,000,000 [2019 - $3,000,000].

Sisters of Charity of Ottawa [“SCO”] loan

In fiscal year 2014, Bruyère entered into a financing agreement with the SCO in the amount of $1,200,000 for the purchase of 85 Primrose Avenue in Ottawa, Ontario. The loan is interest free, reimbursable on a monthly payment of $10,000 until May 1, 2024.

9. OBLIGATION UNDER CAPITAL LEASE

In late fiscal year 2013, Bruyère started planning the construction of a Combined Heat and Power System [Co-Gen] at SVH.

On July 2015, Bruyère signed a lease agreement with Royal Bank of Canada [RBC] to finance up to $2,500,000 of the equipment costs. Bruyère amended its credit facility on June 22, 2016, to add an additional $500,000 bringing its facility to $3,000,000 [$3,390,000 incl. taxes]. By executing this agreement, Bruyère [Lessee] shall lease the Equipment under capital lease from RBC [Lessor] for a term of 108 months [effective June 29, 2017 until May 29, 2026] with an option to purchase for $1 after all rentals have been paid. The lease monthly payments are $36,117 [capital and interest], bearing interest of 3.23% and secured by the equipment under capital lease with a net book value of $2,751,030 [2019: $2,903,865]. The obligation under capital lease is presented as follow:

	March 31, 2020	March 31, 2019
	$	$
Obligation under capital lease	**2,775,443**	3,115,070
Capital repayment during current fiscal year	**(350,543)**	(339,627)
Obligation under capital lease	**2,424,900**	2,775,443
Less current portion of obligation under capital lease	**(361,810)**	(350,543)
	2,063,090	2,424,900

The repayments of capital of the obligation under capital lease for the next five years are as follow

	$
2021	361,810
2022	373,439
2023	385,442
2024	397,830
2025	410,617

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of grants and donations received for the purchase of capital assets and the contributed capital assets. The amortization of deferred contributions related to capital assets is recorded as revenue in the consolidated statement of revenue and expenses.

The changes in the deferred contributions balance for the year are as follows:

	March 31, 2020	March 31, 2019
	$	$
Balance, beginning of year	**155,673,852**	159,000,816
Capital grants and donations received	**4,439,419**	2,351,601
Amortization of deferred contributions	**(5,985,347)**	(5,678,565)
Balance, end of year	**154,127,924**	155,673,852

The balance of unamortized and unspent capital contributions consists of the following:

	March 31, 2020	March 31, 2019
	$	$
Unamortized capital contributions	**151,418,919**	153,448,918
Unspent capital contributions	**2,709,005**	2,224,934
	154,127,924	155,673,852

11. NET ASSETS

[a] Net assets invested in capital assets is calculated as follows:

	March 31, 2020	March 31, 2019
	$	$
Capital assets [*note 4*]	**255,147,375**	261,313,438
Less amounts financed by:		
Unamortized capital contributions [*note 10*]	**(151,418,919)**	(153,448,918)
Total debt [*note 8*]	**(54,485,104)**	(55,631,579)
Total obligation under capital lease [*note 9*]	**(2,424,900)**	(2,775,443)
	46,818,452	49,457,498

[b] The net change in net assets invested in capital assets is calculated as follows:

	March 31, 2020	March 31, 2019
	$	$
Purchase of capital assets	**4,216,419**	3,094,666
Amounts financed by deferred capital contributions:		
Capital grants and donations received	**(4,439,419)**	(2,351,601)
Changes in unspent capital contributions	**484,071**	(7,097)
Amounts financed by long-term debt and obligation under capital lease:		
Repayment of obligation under capital lease	**350,543**	339,627
Repayment of long-term debt	**1,146,475**	1,107,379
Amortization of deferred contributions	**5,985,347**	5,678,565
Amortization of capital assets	**(10,382,482)**	(10,482,410)
	(2,639,046)	(2,620,871)

[c] IOLC requires Bruyère to transfer 4% of the monthly gross income from the Village operations, into a Capital and Contingency Replacement Fund ["CCRF"]. The CCRF is for the exclusive purpose of major capital maintenance overhaul deemed necessary by both Bruyère and IOLC or debt service obligations. Any use of the CCRF shall require prior written consent by IOLC. The amount transferred in the year was $319,409 [2019 - $312,438].

12. RELATED PARTY TRANSACTIONS

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

The Foundation and BRI are separate corporations, whose financial information is reported on separately. The net assets and results of operations for these entities are not included in Bruyère's consolidated financial statements.

Bruyère Foundation Inc.

The Foundation was established to raise funds in support of the financial goals of Bruyère and its related entities. The Foundation is incorporated under the Corporations Act of Ontario and is a registered charity under the Income Tax Act. During the year, Bruyère received donations of $1,165,808 [2019 - $523,697] from the Foundation for major equipment. In addition, the Foundation donated gifts-in-kind to Bruyère, which were recorded by Bruyère at no value. Bruyère provided the Foundation with financial, human resources and information systems services as well as occupation cost at minimal charges of $51,804 [2019 - $51,804], based on cost and ability to pay. All revenue and expenses of the Foundation are initially respectively received and paid by Bruyère. Included in accounts receivable as at March 31, 2020 is $94,804 [2019 – $141,894] due from the foundation.

Bruyère Research Institute Inc.

BRI was established to promote, support and carry out research towards maximizing independence and fostering exemplary care in long-term, complex continuing and in end-of-life for the elderly. BRI is incorporated under the Corporations Act of Ontario. Bruyère supported BRI's overhead with a contribution of $727,460 [2019 - $727,460]. Bruyère provided BRI with financial, human resources and information systems services as well as occupation cost at minimal charges of $62,400 as at March 31, 2020 [2019 - $62,400], based on cost and ability to pay. All revenue and expenses of BRI are initially respectively received and paid by Bruyère. Included in accounts receivable as at March 31, 2020 is $207,846 due from BRI [2019 - $547,761].

Ottawa Regional Hospital Linen Services Incorporated, Champlain Health Supply Services Inc.

Bruyère is a founding member of the Ottawa Regional Hospital Linen Services Incorporated ["ORHLS"] and Champlain Health Supply Services Inc. ["CHSS"]. ORHLS and CHSS were established to provide laundry and procurement services, respectively to member hospitals on a cost of service basis.

For the year ended March 31, 2020, Bruyère disbursed $1,183,981 [2019 - $1,261,346] to ORHLS for laundry services and $119,007 [2019 - $107,310] to CHSS for procurement services. These amounts have been included in supplies and other expenses in the statement of revenue and expenses.

12. RELATED PARTY TRANSACTIONS (continued)

Ottawa Hospitals Food Association [“OHFA”] [formerly Hospital Food Services - Ontario, Inc. [“HFS”]]

Bruyère was a founding member of Hospital Food Services – Ontario Inc. [“HFS”]. HFS was established to provide food services, respectively to member hospitals on a cost of service basis.

For the year ended March 31, 2020, Bruyère provided a total of $127,082 [2019 - $1,089,499] to HFS for food purchases. This amount has been included in supplies and other on the consolidated statement of operations.

On May 13, 2019, the Board of Directors of HFS finalized the sale of substantially all of its assets 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 will be distributed to each of the member Hospital’s respective Foundations. Effective on the date of sale, HFS changed its operating name to Ottawa Hospitals Food Association [“OHFA”].

On November 8, 2019, the Board Directors of OHFA approved a motion to distribute $10,000,000 to the member hospital Foundation’s based on their share. The Bruyère Foundation share of the distribution is 22.13%, and the Foundation received a donation of $2,212,978 as of March 31, 2020.

At March 31, 2020, Bruyère had an economic interest of $1,220,868 in OHFA [2019 - $1,984,963 in HFS] of total net assets of $5,516,855 [2019 - $8,969,648].

13. PENSION PLANS

The majority of Bruyère employees 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 Bruyère on behalf of its employees amounted to $7,102,927 [2019- $6,866,561] and are included in the consolidated statement of revenue and expenses within the benefits contributions.

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, 2019 indicated HOOPP is fully funded.

Unionized employees of the SLR are members of the Nursing Homes and Related Industries Pension Plan which is a multi-employer contributory pension plan. Contributions to this plan made during the year by Bruyère on behalf of its employees amounted to $275,323 [2019 - $270,799]. A group RRSP plan is also offered to non-unionized employees of the SLR. Contributions to this plan for the year totaled $29,680 [2019 - $32,930]. Contributions made by the employer on behalf of employees of the SLR are included in the statement of revenue and expenses within the benefits contributions.

14. POST-EMPLOYMENT AND POST-RETIREMENT BENEFITS

Post-employment benefits are comprised of vested sick leave.

Post-retirement benefits are comprised of extended health care, dental benefits and life insurance benefits for retired employees. The cost of the life insurance is covered entirely by Bruyère. The cost of the extended health care and dental benefits is the sole responsibility of the retirees, except for a subgroup of retirees, for whom Bruyère is paying 50% or 75% of the premiums depending on the union and/or the age of retirement.

An actuarial valuation was performed as at December 31, 2019 for both the post-retirement and sick leave benefits plans. The results were extrapolated to March 31, 2020 and were used to develop the expense for the period from April 1, 2019 to March 31, 2020.

The next required actuarial valuation will be performed as at December 31, 2022.

These benefits are recorded in the consolidated statement of revenue and expenses as a component of salaries and wages for $282,600 [2019 - $278,981] and as a component of benefit contributions for $690,600 [2019 - $952,600]. As of November, 2018, the employees under the Ontario Public Service Employees Union on behalf its Local 486 [OPSEU] are entitled to the retiree benefits [extended health, semi-private and dental coverage]. Past service costs related to this award totaled $nil [2019 - $295,200] included in the benefit contributions of $278,981 [2019 - $952,600].

Information about the Bruyère post-employment and post-retirement benefits is as follows:

	Post-employment benefits		Post-retirement benefits	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
	$	$	**$**	$
Accrued benefit liability				
Balance, beginning of year	**2,650,800**	2,648,919	**4,851,500**	4,370,200
Benefit cost for the year	**282,600**	278,981	**690,600**	952,600
Benefit payments	**(602,100)**	(277,100)	**(497,100)**	(471,300)
Balance, end of year	**2,331,300**	2,650,800	**5,045,000**	4,851,500

14. POST-EMPLOYMENT AND POST-RETIREMENT BENEFITS (continued)

The benefit cost for the year includes:

	Post-employment benefits		Post-retirement benefits	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
	$	$	**$**	$
Current service cost	**78,600**	71,600	**306,000**	278,900
Past service costs	**—**	—	**—**	295,200
Interest cost on accrued benefit obligation	**90,300**	98,181	**198,800**	204,200
Amortization of actuarial loss	**113,700**	109,200	**185,800**	174,300
Benefit cost	**282,600**	278,981	**690,600**	952,600

The reconciliation of the accrued benefit obligation to the accrued benefit liability is as follows:

	Post-employment benefits		Post-retirement benefits	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
	$	$	**$**	$
Accrued benefit obligation	**2,514,100**	2,960,200	**5,181,500**	6,348,000
Less unamortized actuarial loss	**(182,800)**	(309,400)	**(136,500)**	(1,496,500)
Accrued benefit liability	**2,331,300**	2,650,800	**5,045,000**	4,851,500

The key actuarial assumptions used to determine the accrued benefit obligation are:

	Post-employment benefits		Post-retirement benefits	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
	$	$	**$**	$
Discount rate	**3.29%**	3.18%	**3.29%**	3.18%
Salary escalation rate	**1.50%**	1.50%	**1.50%**	1.50%
Extended health care cost trend - current	**—**	—	**6.00%**	6.25%
Extended health care cost trend - ultimate	**—**	—	**3.57%**	4.50%
Dental care cost trend - current	**—**	—	**4.00%**	4.00%
Average remaining service years for gain & loss	**5.00**	5.00	**10.00**	10.00

15. LINE OF CREDIT

Bruyère has an available unsecured line of credit of $2,400,000 [2019 - $2,400,000], bearing interest based on the bank prime rate minus 0.75%, renewable annually. As at March 31, 2020, Bruyère had drawn $nil [2019 - $nil] from the line of credit, but has one [2019 - one] Letter of Guarantee drawn against the line of credit for an amount of $512,400 [2019 - $1,024,800]. The remaining balance of $1,887,600 [2019 - $1,375,200] is available to support Bruyère's cash flow requirements.

16. COMMITMENTS AND CONTINGENCIES

[a] As a result of the sale of HFS on May 13, 2019, all outstanding debt of HFS had been settled, resulting in Bruyère no longer having a guarantee with respect to HFS or OHFA. At March 31, 2020, OHFA had $nil [2019 – HFS had $2,615,500] outstanding on an available line of credit of $nil [2019 - $4,615,500].

Also, as part of the closing conditions, Bruyère has committed to continue to purchase food products through an agreed upon supply agreement for three years ending May 2022.

[b] Bruyère is committed to several equipment leases and maintenance and service agreements, which expire on various dates. The minimum amounts payable over the five years until March 2025 are as follows:

	$
2021	1,793,240
2022	1,355,067
2023	532,197
2024	328,479
2025	52,834

[c] Bruyère is periodically involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Bruyère's financial position, results of operations, or liquidity.

[d] In late fiscal year 2017, Bruyère started the final phase [Phase IV] of its electronic patient record. As of March 31, 2020, Bruyère's remaining commitment amounts to $140,616 [2019 - $796,500] over the next fiscal year.

17. CAPITAL MANAGEMENT

Bruyère includes net assets invested in capital assets and unrestricted net assets (deficiency) in the definition of capital.

In managing capital, Bruyère focuses on liquid resources available for operations. Bruyère's objective is to have sufficient liquid resources to continue operating despite adverse financial events 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, 2020, Bruyère has met its objective of having sufficient liquid resources to meet its current obligations.

Bruyère is also subject to external restrictions through long-term debt and CCRF. As at March 31, 2020, Bruyère was in compliance with all the covenants of the financing agreements *[note 8]*.

18. FINANCIAL RISKS

Fair value

The fair values of accounts receivable and accounts payable and accrued liabilities approximate its fair value due to the relatively short period to maturity of these instruments.

The fair values of the long-term debts *[note 8]* and obligation under capital lease *[note 9]* are not materially different from the carrying value.

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.

Cash, trust assets and liabilities as well as the restricted cash are classified as level 1 financial instrument.

There were no transfers between levels for the year ended March 31, 2020 [2019 – no transfers].

18. FINANCIAL RISKS (continued)

Financial instrument risk management

Credit risk

Credit risk arises from the potential that a counterparty to an investment will fail to perform its obligations. Concentrations of credit risk exists when a significant proportion of investments are invested in securities with similar characteristics or subject to similar economic, political or other conditions.

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

The accounts receivable from the Government, due to the nature of the counterparty, bears no risk to Bruyère.

Bruyère considers receivables to be past due when they are over 90 days old. At March 31, 2020, the balance of receivables over 90 days is $331,019 [2019 - $292,755]. Of this amount, $30,130 [2019 - $28,181] is due from other and $300,889 [2019 - $264,574] due from patients. Bruyère does not consider these amounts to be impaired. Bruyère actively manages and monitors these receivables balances. As of March 31, 2020, an impairment allowance which totals $251,567 [2019 - $210,862] is set up based on individual analysis basis.

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.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments due to changes in market interest rates.

There is a risk to Bruyère's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. To effectively manage this risk, Bruyère entered into two successive fixed rate debentures [see note 8 Village Debenture Phase I – 40 years amortization and Village Debenture Phase II – 30 years amortization] and entered into a fixed rate obligation under capital lease *[see note 8]*.

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

Liquidity risk

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

Almost all accounts payable and accrued vacation and overtime pay mature within one year. The maturity dates of long-term debt and the obligation under capital lease are disclosed in *note 8 and 9* respectively.

18. FINANCIAL RISKS (continued)

Other than the liquidity risk related to COVID-19 as disclosed in *note 19*, 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.

Bruyère has no significant exposure to currency risk and other price risk.

19. EFFECTS OF COVID-19

Prior to Bruyère year-end, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, Bruyère has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- The closure of all facilities to visitors and the monitoring of the staff access by opening screening stations at each sites;

- Revisions to the delivery of a number of services in order to create capacity for pandemic response and limit the potential for transmission within Bruyère, including the closure of its ambulatory clinics, the creation of isolation units and the planning of an increase in its bed capacity.

- The implementation of working from home requirements for certain employees.

- Underspending of the 2019-2020 Health Infrastructure Renewal Fund [“HIRF”]. The unspent of $104,116 HIRF funding was deferred to the next fiscal year and is included in the deferred revenue amount on the statement of financial position.

As a result of these measures, Bruyère experienced a decrease in operating revenues during the subsequent period, as well as an increase in operating costs.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practical at this time.