

Bruyère Foundation
Financial Statements
March 31, 2020



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bruyere.org

FONDATION
Bruyère 
FOUNDATION

INDEPENDENT AUDITORS' REPORT



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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, 2020
- 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, 2020, and its results of operations 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.

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 24, 2019.

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INDEPENDENT AUDITORS' REPORT



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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 29, 2020

STATEMENT OF FINANCIAL POSITION

	March 31, 2020			March 31, 2019		
	General Fund \$	Restricted Funds \$	Total \$	General Fund \$	Restricted Funds \$	Total \$
ASSETS						
Current assets						
Cash and cash equivalent	3,683,175	3,025,985	6,709,160	824,174	1,385,538	2,209,712
Accounts receivable	41,647	—	41,647	27,283	—	27,283
Prepaid expenses	76,013	—	76,013	24,708	—	24,708
	3,800,835	3,025,985	6,826,820	876,165	1,385,538	2,261,703
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities	11,998	—	11,998	14,918	—	14,918
Due to Bruyère Continuing Care Inc. [notes 3 and 4]	94,804	—	94,804	141,894	—	141,894
Deferred revenue	19,725	—	19,725	—	—	—
Total current liabilities	126,527	—	126,527	156,812	—	156,812
<i>contingent liability [note 8]</i>						
Fund balances						
Externally Restricted	—	813,007	813,007	—	1,385,538	1,385,538
Internally Restricted [note 5]	—	2,212,978	2,212,978	—	—	—
General	3,674,308	—	3,674,308	719,353	—	719,353
Total fund balances	3,674,308	3,025,985	6,700,293	719,353	1,385,538	2,104,891
	3,800,835	3,025,985	6,826,820	876,165	1,385,538	2,261,703

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

	2020			2019		
	General Fund	Restricted Funds	Total	General Fund	Restricted Funds	Total
	\$	\$	\$	\$	\$	\$
REVENUE						
Donations	7,768,323	488,161	8,256,484	1,727,486	2,709,960	4,437,446
Investment income	51,772	—	51,772	18,774	—	18,774
Re-allocation fee	26,658	(26,658)	—	18,044	(18,044)	—
Fundraising activities	287,301	126,487	413,788	342,744	58,651	401,395
	8,134,054	587,990	8,722,044	2,107,048	2,750,567	4,857,615
EXPENSES						
Salaries and wages	654,492	604,153	1,258,645	514,191	402,601	916,792
Employee benefits	137,383	126,813	264,196	94,902	74,566	169,468
Direct marketing expenses	79,178	267	79,445	71,796	1,910	73,706
Professional fees	66,728	1,082	67,810	46,010	35,239	81,249
Insurance	19,681	319	20,000	11,326	8,674	20,000
Supplies and office expenses	10,813	175	10,988	6,253	4,893	11,146
Donor cultivation and recognition	88,660	1,438	90,098	40,592	27,586	68,178
Fundraising activities expenses	131,414	47,089	178,503	125,255	26,623	151,878
Advertising	347,074	5,629	352,703	122,150	93,554	215,704
Bank charges	17,735	288	18,023	13,191	10,103	23,294
Public Relations	27,683	447	28,130	17,614	13,490	31,104
Software maintenance	12,347	200	12,547	6,484	4,966	11,450
Other expenses	28,433	461	28,894	6,168	8,229	14,397
	1,621,621	788,361	2,409,982	1,075,932	712,434	1,788,366
Excess of revenue over expenses, before distributions	6,512,433	(200,371)	6,312,062	1,031,116	2,038,133	3,069,249
Distributions	1,344,500	254,196	1,598,696	666,271	976,634	1,642,905
Distributions-in-kind	—	117,964	117,964	—	169,548	169,548
Excess of revenue over expenses and distributions	5,167,933	(572,531)	4,595,402	364,845	891,951	1,256,796

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUND BALANCES

Year ended March 31

	2020			2019	
	General Fund \$	Internally Restricted Fund \$	Externally Restricted Fund \$	Total \$	Total \$
Fund balances, beginning of year	719,353	—	1,385,538	2,104,891	848,095
Excess of revenue over expenses and distributions	5,167,933	—	(572,531)	4,595,402	1,256,796
Interfund transfer <i>[note 5]</i>	(2,212,978)	2,212,978	—	—	—
Fund balances, end of year	3,674,308	2,212,978	813,007	6,700,293	2,104,891

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses and distributions	4,595,402	1,256,796
Changes in non-cash operating working capital items:		
Accounts receivable	(14,364)	(4,794)
Prepaid expenses	(51,305)	(4,935)
Due from / to Bruyère Continuing Care Inc.	(47,090)	174,353
Deferred revenue	19,725	—
Accounts payable and accrued liabilities	(2,920)	574
Cash provided by operating activities	4,499,448	1,421,994
Net increase in cash	4,499,448	1,421,994
Cash, beginning of year	2,209,712	787,718
Cash, end of year	6,709,160	2,209,712
Cash end of year comprised of		
Cash	3,683,175	824,174
Restricted cash and cash equivalent	3,025,985	1,385,538
Cash and cash equivalent end of year	6,709,160	2,209,712

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 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 including gift-in-kinds 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.

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. [“BRI”].

Campaign expenses allocation

To better reflect the statement of revenue and expenses regarding the on-going campaign activities, the Foundation transfer a portion of its general fund expenses into the restricted fund, allocated as follow: salaries and benefits are allocated based on the estimated percentage work for the Campaign from each and individual employee. Direct mail and Fundraising activities expenses are allocated based on where the revenue is received and recognized. All other expenses [“general support expenses”] are allocated based on restricted campaign revenue over total revenue.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, liquidity or credit risks arising from these financial instruments.

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 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

Bruyère, BRI and affiliated institutions and programs

Bruyère exercises significant influence over the Foundation and 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 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 \$1,047,844 [2019 - \$523,697] to Bruyère, \$543,352 [2019 - \$849,209] to BRI and \$7,500 [2019 - \$270,000] to affiliated or associated institutions and programs. The Foundation also contributed distributions-in-kind of \$117,964 [2019 - \$169,548] to Bruyère consisting of medical supplies, life insurance policy and others.

Bruyère provided the Foundation with financial, human resources and information systems services as well as occupation cost for a minimal charge 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. As at March 31, 2020, \$94,801 is due to Bruyère [2019 - \$141,894].

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 the Bruyère.

On May 13, 2019, the Board of Directors of Hospital Food Services [“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 will be distributed to each of the member Hospital’s respective Foundations. Effective 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. Under the terms of the contribution, the amount is to be used to benefit of the Hospital. 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. The amount is recorded in unrestricted donations on the Statement of Operations.

4. GOVERNMENT REMITTANCES

As at March 31, 2020, \$17,181 of government remittances is included in the due to Bruyère [2019 - \$12,874].

5. 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 being in a deficit position, once it is over, the General fund would cover such deficit. There were no transfer during year [2019 - \$31,220] from the General Fund to the Restricted Fund.

During the year, the Board of Directors of the Foundation approved the transfer of the donation from the sale of OHFA [see note 3] to its internally restricted fund. The fund will be held for future use by the Hospital, and flowed at their request.

NOTES TO THE FINANCIAL STATEMENTS

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. Contributions to HOOPP made during the year by the Foundation on behalf of its employees amounted to \$102,722 [2019 - \$75,451] 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, 2019 indicated HOOPP is fully funded.

7. 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.

Cash is a level 1 financial instrument.

There were no transfers between levels for the year ended March 31, 2020.

Financial instrument risk management

Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL RISKS (continued)

The Foundation is exposed to credit risk on its accounts receivable. The maximum exposure to credit risk is the 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.

Other than the liquidity risk related to COVID-19 as disclosed in *note 11*, 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.

8. CONTINGENT LIABILITY

The Foundation is contingently liable under one letter of credit for a total of \$91,000 [2019 – \$91,000], automatically renewed with a notification of non-renewal of 30 days, related to a lottery license, which have been issued in the normal course of operations and were unused as at March 31, 2020 [2019 – \$ nil]. The 50/50 staff lottery draw is scheduled to start in fiscal year 2020-21.

9. 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, 2020, 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.

NOTES TO THE FINANCIAL STATEMENTS

10. ALLOCATION OF GENERAL SUPPORT EXPENSES

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

	2020	2019
	\$	\$
Supplies and Office expenses	175	4,834
Professional Fees	1,079	35,239
Insurance	319	8,674
Donor Cultivation and Recognition	1,435	27,586
Advertising	5,616	93,555
Processing fees	287	10,103
Public Relations	447	13,490
Software maintenance	199	4,966
Other Expenses	460	8,228
	10,017	206,675

11. EFFECTS OF COVID-19

Prior to the Foundation's 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, the Foundation has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Suspended some of its fundraising activities;
- Redeployment of certain employees to Bruyère Continuing Care;
- The implementation of working from home requirements for certain employees.

As a result of these measures, The Foundation experienced a decrease in both operating revenues and expenditures during the subsequent period.

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.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.