

Bruyère Foundation
Financial Statements
March 31, 2017



**LIFE
CHANGING**

bruyere.org

FONDATION

Bruyère 
FOUNDATION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Bruyère Foundation Inc., which comprise the statement of financial position as at March 31, 2017, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bruyère Foundation Inc. as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

June 29, 2017
Ottawa, Ontario

STATEMENT OF FINANCIAL POSITION

	March 31, 2017			March 31, 2016		
	General Fund	Restricted Fund	Total	General Fund	Restricted Fund	Total
	\$	\$	\$	\$	\$	\$
ASSETS						
Current assets						
Cash	22,828	674,252	697,080	—	552,441	552,441
Accounts receivable	43,651	164,072	207,723	56,202	—	56,202
Prepaid expenses	8,380	—	8,380	25,400	—	25,400
Due from Bruyère Continuing Care Inc. [notes 3 and 4]	—	—	—	86,475	68,874	155,349
	74,859	838,324	913,183	168,077	621,315	789,392
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities	15,777	—	15,777	14,477	50,000	64,477
Due to Bruyère Continuing Care Inc. [notes 3 and 4]	36,956	—	36,956	—	—	—
Deferred revenue	—	—	—	16,525	—	16,525
Total current liabilities	52,733	—	52,733	31,002	50,000	81,002
<i>Contingent liability [note 6]</i>						
Fund balances						
Restricted	—	838,324	838,324	—	571,315	571,315
General	22,126	—	22,126	137,075	—	137,075
Total fund balances	22,126	838,324	860,450	137,075	571,315	708,390
	74,859	838,324	913,183	168,077	621,315	789,392

See accompanying notes to the financial statements

On behalf of the Board:



Chair: Fiona Gilfillan



Treasurer: John Wright

STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2017			2016		
	General Fund	Restricted Fund	Total	General Fund	Restricted Fund	Total
	\$	\$	\$	\$	\$	\$
REVENUE						
Donations	1,400,091	3,792,354	5,192,445	1,238,961	2,176,358	3,415,319
Investment income	7,110	—	7,110	7,320	—	7,320
Re-allocation fee	26,021	(26,021)	—	6,892	(6,892)	—
Fundraising activities	312,472	24,316	336,788	296,518	39,675	336,193
	1,745,694	3,790,649	5,536,343	1,549,691	2,209,141	3,758,832
EXPENSES						
Salaries and employee benefits	963,100	—	963,100	890,685	64,487	955,172
Direct mail expenses	91,074	—	91,074	63,473	—	63,473
Professional fees	109,206	—	109,206	93,854	—	93,854
Insurance	20,000	—	20,000	35,000	—	35,000
Supplies and office expenses	11,220	—	11,220	16,966	—	16,966
Donor cultivation and recognition	15,667	—	15,667	16,352	—	16,352
Fundraising activities expenses	185,750	11,116	196,866	179,983	11,569	191,552
Advertising	72,269	—	72,269	53,890	168	54,058
Bank charges	23,048	—	23,048	22,140	—	22,140
Public Relations	14,716	—	14,716	36,615	—	36,615
Other expenses	25,607	—	25,607	36,805	177	36,982
	1,531,657	11,116	1,542,773	1,445,763	76,401	1,522,164
Excess of revenue over expenses, before distributions	214,037	3,779,533	3,993,570	103,928	2,132,740	2,236,668
Distributions	328,986	3,444,684	3,773,670	65,694	2,016,141	2,081,835
Distributions-in-kind	—	67,840	67,840	—	105,389	105,389
Excess (deficiency) of revenue over expenses and distributions	(114,949)	267,009	152,060	38,234	11,210	49,444

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUND BALANCES

Year ended March 31

	2017			2016		
	General Fund \$	Restricted Fund \$	Total \$	General Fund \$	Restricted Fund \$	Total \$
Fund balances, beginning of year	137,075	571,315	708,390	98,841	560,105	658,946
Excess (deficiency) of revenue over expenses and distributions	(114,949)	267,009	152,060	38,234	11,210	49,444
Fund balances, end of year	22,126	838,324	860,450	137,075	571,315	708,390

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses and distributions	152,060	49,444
Changes in non-cash operating working capital items:		
Accounts receivable	(151,521)	49,362
Prepaid expenses	17,020	23,032
Due from / to Bruyère Continuing Care Inc.	192,305	(227,523)
Accounts payable and accrued liabilities	(48,700)	13,766
Deferred revenue	(16,525)	(15,190)
Cash provided by (used in) operating activities	144,639	(107,109)
Net increase (decrease) in cash	144,639	(107,109)
Cash, beginning of year	552,441	659,550
Cash, end of year	697,080	552,441
Cash end of year comprised of		
Cash	22,828	—
Restricted Cash	674,252	552,441
Cash end of year	697,080	552,441

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Reallocation fee

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

Contributed materials and services

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

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

Financial instruments

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

Asset / Liability

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

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

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

Use of estimates

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

NOTES TO THE FINANCIAL STATEMENTS

3. RELATED PARTY TRANSACTIONS

The Foundation proactively raises funds in support of the financial goals of Bruyère and the institutions and programs with which it is affiliated or associated. During the year, the Foundation distributed \$2,974,632 [2016 - \$907,731] to Bruyère, \$342,999 [2016 - \$137,004] to BRI and \$451,500 [2016 - \$1,037,000] to affiliated or associated institutions and programs. The Foundation also contributed distributions-in-kind of \$67,840 [2016 - \$105,389] 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 \$50,000 [2016 - \$50,000], based on cost and ability to pay.

All revenue and expenses of the Foundation are initially respectively received and paid by Bruyère. As at March 31, 2017, \$36,956 is payable to Bruyère [2016 - \$155,349 was receivable].

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

4. GOVERNMENT REMITTANCES

As at March 31, 2017, \$11,293 of government remittances is included in the Due to Bruyère Continuing Care Inc. [2016 - \$11,621 netted in the Due from Bruyère Continuing Care Inc.].

5. PENSION PLAN

Substantially all of the employees of the Foundation are members of the Healthcare of Ontario Pension Plan [“HOOPP”], which is a multi-employer defined benefit pension plan available to all eligible employees of the healthcare community. The plan is accounted for as a defined contribution plan. Contributions to HOOPP made during the year by the Foundation on behalf of its employees amounted to \$75,066 [2016 - \$71,639] 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.

Variations 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, 2016 indicated HOOPP is fully funded.

NOTES TO THE FINANCIAL STATEMENTS

6. CONTINGENT LIABILITY

The Foundation is contingently liable under one letter of credit for a total of \$10,000, automatically renewed with a notification of non-renewal of 30 days, related to lottery license, which have been issued in the normal course of operations and were unused as at March 31, 2017. The 50/50 staff lottery draw is schedule to start in fiscal year 2017-2018.

7. 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, 2017, 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.