Bruyère Foundation

Financial Statements

March 31, 2018

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, 2018, 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, 2018, 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

September 24, 2018
Ottawa, Ontario

STATEMENT OF FINANCIAL POSITION

	March 31, 2018			March 31, 2017		
	General Fund	Restricted Fund	Total	General Fund	Restricted Fund	Total
	$	$	$	$	$	$
ASSETS						
Current assets						
Cash	**325,350**	**462,368**	**787,718**	22,828	674,252	697,080
Accounts receivable	**22,489**	—	**22,489**	43,651	164,072	207,723
Prepaid expenses	**19,773**	—	**19,773**	8,380	—	8,380
Due from Bruyère Continuing Care Inc. [*notes 3* and *4*]	**32,459**	—	**32,459**	—	—	—
	400,071	**462,368**	**862,439**	74,859	838,324	913,183
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities	**14,344**	—	**14,344**	15,777	—	15,777
Due to Bruyère Continuing Care Inc. [*notes 3* and *4*]	—	—	—	36,956	—	36,956
Total current liabilities	**14,344**	—	**14,344**	52,733	—	52,733
contingent liability [note 6]						
Fund balances						
Restricted	—	**462,368**	**462,368**	—	838,324	838,324
General	**385,727**	—	**385,727**	22,126	—	22,126
Total fund balances	**385,727**	**462,368**	**848,095**	22,126	838,324	860,450
	400,071	**462,368**	**862,439**	74,859	838,324	913,183

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

	2018			2017		
	General Fund $	Restricted Fund $	Total $	General Fund $	Restricted Fund $	Total $
REVENUE						
Donations	**1,654,372**	**1,306,613**	**2,960,985**	1,400,091	3,792,354	5,192,445
Investment income	**7,564**	—	**7,564**	7,110	—	7,110
Re-allocation fee	**89,030**	**(89,030)**	—	26,021	(26,021)	—
Fundraising activities	**264,231**	**24,224**	**288,455**	312,472	24,316	336,788
	2,015,197	**1,241,807**	**3,257,004**	1,745,694	3,790,649	5,536,343
EXPENSES						
Salaries and employee benefits	**768,860**	**10,249**	**779,109**	963,100	—	963,100
Direct mail expenses	**71,016**	**947**	**71,963**	91,074	—	91,074
Professional fees	**73,937**	**986**	**74,923**	109,206	—	109,206
Insurance	**19,737**	**263**	**20,000**	20,000	—	20,000
Supplies and office expenses	**8,615**	**115**	**8,730**	11,220	—	11,220
Donor cultivation and recognition	**50,995**	**680**	**51,675**	15,667	—	15,667
Fundraising activities expenses	**174,303**	**19,312**	**193,615**	185,750	11,116	196,866
Advertising	**77,696**	**1,036**	**78,732**	72,269	—	72,269
Bank charges	**17,107**	**228**	**17,335**	23,048	—	23,048
Public Relations	**18,852**	**321**	**19,173**	14,716	—	14,716
Software maintenance	**10,970**	**146**	**11,116**	10,750	—	10,750
Other expenses	**16,638**	**152**	**16,790**	14,857	—	14,857
	1,308,726	**34,435**	**1,343,161**	1,531,657	11,116	1,542,773
Excess of revenue over expenses, before distributions	**706,471**	**1,207,372**	**1,913,843**	214,037	3,779,533	3,993,570
Distributions	**342,870**	**1,398,788**	**1,741,658**	328,986	3,444,684	3,773,670
Distributions-in-kind	—	**184,540**	**184,540**	—	67,840	67,840
Excess (deficiency) of revenue over expenses and distributions	**363,601**	**(375,956)**	**(12,355)**	(114,949)	267,009	152,060

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUND BALANCES

Year ended March 31

	2018			2017		
	General Fund	Restricted Fund	Total	General Fund	Restricted Fund	Total
	$	$	$	$	$	$
Fund balances, beginning of year	**22,126**	**838,324**	**860,450**	137,075	571,315	708,390
Excess (deficiency) of revenue over expenses and distributions	**363,601**	**(375,956)**	**(12,355)**	(114,949)	267,009	152,060
Fund balances, end of year	**385,727**	**462,368**	**848,095**	22,126	838,324	860,450

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2018 $	2017 $
OPERATING ACTIVITIES		
Excess of revenue (deficiency) over expenses and distributions	**(12,355)**	152,060
Changes in non-cash operating working capital items:		
Accounts receivable	**185,234**	(151,521)
Prepaid expenses	**(11,393)**	17,020
Due from / to Bruyère Continuing Care Inc.	**(69,415)**	192,305
Accounts payable and accrued liabilities	**(1,433)**	(48,700)
Deferred revenue	**—**	(16,525)
Cash provided by operating activities	**90,638**	144,639
Net increase in cash	**90,638**	144,639
Cash, beginning of year	**697,080**	552,441
Cash, end of year	**787,718**	697,080
Cash end of year comprised of		
Cash	**325,350**	22,828
Restricted Cash	**462,368**	674,252
Cash end of year	**787,718**	697,080

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.

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

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 decided to transfer a portion of its general fund expenses into the restricted fund, effective April 1, 2017. The methodology adopted for the allocation is based on a revenue allocation method described as follow: restricted campaign donation received in current fiscal year divided by the Foundation’s total revenue earned in current fiscal year. Restricted campaign donations are included in donation in the statement of revenue and expenses.

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.

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 $879,535 [2017 - $2,974,632] to Bruyère, $512,123 [2017 - $342,999] to BRI and $350,000 [2017 - $451,500] to affiliated or associated institutions and programs. The Foundation also contributed distributions-in-kind of $184,540 [2017 - $67,840] 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 $51,000 [2017 - $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, 2018, $32,459 is due from Bruyère [2017 - $36,956 was due to Bruyère].

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, 2018, $9,694 of government remittances is included in the due from Bruyère [2017 - $11,293 netted in the due to Bruyère].

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 $59,196 [2017 - $75,066] 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, 2017 indicated HOOPP is fully funded.

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, 2018 [2017 – $ nil]. The 50/50 staff lottery draw is schedule to start in fiscal year 2018-2019.

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, 2018, 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.