

# Financial Statements

## March 31, 2018



# INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of  
Bruyère Continuing Care Inc.

## *Report on the Financial Statements*

We have audited the accompanying financial statements of Bruyère Continuing Care Inc., which comprise the statement of financial position as at March 31, 2018, and the statements of revenue and expenses, changes in net assets (deficiency) and cash flow 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 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.

## *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 Continuing Care 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 public sector accounting standards.

## ***Report on Other Legal and Regulatory Requirements***

As required by the Ontario Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants

June 28, 2018  
Ottawa, Ontario

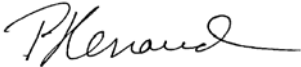
# STATEMENT OF FINANCIAL POSITION

	March 31, 2018	March 31, 2017
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	8,253,968	1,997,820
Accounts receivable - Government	2,521,371	3,638,002
- Patient service	2,615,866	2,018,669
- Other	1,632,059	1,835,159
Inventories <i>[note 3]</i>	716,003	727,081
Prepaid expenses	820,738	1,045,398
<b>Total current assets</b>	<b>16,560,005</b>	<b>11,262,129</b>
Capital assets and equipment under capital lease <i>[notes 4 &amp; 5]</i>	268,701,182	272,809,365
Restricted cash <i>[note 6]</i>	4,694,238	3,750,968
Trust assets <i>[note 7]</i>	992,602	974,640
	<b>290,948,027</b>	<b>288,797,102</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>[note 8]</i>	28,834,351	25,659,009
Current portion of long-term debt and obligation <i>[note 9 &amp; 10]</i>	1,447,006	1,069,776
Deferred revenue	258,728	181,273
<b>Total current liabilities</b>	<b>30,540,085</b>	<b>26,910,058</b>
<b>Long-term liabilities</b>		
Trust liabilities <i>[note 7]</i>	992,602	974,640
Deferred contributions related to capital assets <i>[note 11]</i>	159,000,816	162,057,948
Long-term debt <i>[note 9]</i>	55,631,579	56,738,958
Obligation under capital lease <i>[note 10]</i>	2,775,443	—
Post-employment benefits <i>[note 15]</i>	2,648,919	2,693,800
Post-retirement benefits <i>[note 15]</i>	4,370,200	4,185,400
<b>Total long-term liabilities</b>	<b>225,419,559</b>	<b>226,650,746</b>
<i>Commitments and contingencies [note 17]</i>		
<b>Net assets</b>		
Unrestricted		
Invested in capital assets <i>[note 12a]</i>	52,078,369	54,785,480
Unrestricted (deficiency)	(17,552,193)	(19,719,020)
Externally restricted		
Capital and contingency replacement fund <i>[note 12c]</i>	462,207	169,838
<b>Total net assets</b>	<b>34,988,383</b>	<b>35,236,298</b>
	<b>290,948,027</b>	<b>288,797,102</b>

See accompanying notes to the financial statements

On behalf of the Board:

  
Chair: Barbara Kieley

  
Director [for Treasurer]: Philippe Renaud

# STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	Hospitals	LTC Homes	Academic Research	CSS	Village	Total 2018	Total 2017
	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>							
MOHLTC / LHIN grants	92,293,819	14,908,037	3,370,340	3,725,444	71,000	114,368,640	109,162,667
Patient revenue from other payors	6,661,100	—	2,492,929	—	—	9,154,029	5,646,449
Room differential and co-payment	9,559,623	5,770,728	—	—	—	15,330,351	14,844,165
Recoveries and miscellaneous revenue	6,338,328	363,255	1,053,083	169,475	614,092	8,538,233	8,283,147
Rental income	548,487	56,401	—	—	6,653,148	7,258,036	6,237,838
Amortization of deferred contributions for major equipment and software	1,389,623	71,601	521	3,436	4,240	1,469,421	1,562,782
	<b>116,790,980</b>	<b>21,170,022</b>	<b>6,916,873</b>	<b>3,898,355</b>	<b>7,342,480</b>	<b>156,118,710</b>	<b>145,737,048</b>
<b>EXPENSES</b>							
Salaries and wages	70,377,912	12,270,240	3,914,490	2,826,792	1,161,056	90,550,490	85,166,466
Benefit contributions	21,344,032	3,561,061	1,018,867	408,274	278,674	26,610,909	24,362,918
Medical staff remuneration	1,091,656	78,734	334,321	—	—	1,504,711	1,115,688
Supplies and other expenses	14,082,396	4,209,309	1,399,142	763,340	2,025,081	22,479,268	21,946,004
Medical and surgical supplies	1,718,269	596,807	68,348	5,169	504	2,389,097	2,221,440
Drugs and medical gases	3,191,510	240	25,458	—	—	3,217,208	3,079,856
Bad debts	24,531	48,749	—	116	—	73,396	8,998
Banking charges and interest	34,891	—	—	—	—	34,891	42,735
Amortization of major equipment and software	3,523,078	125,064	14,837	3,436	10,734	3,677,149	3,700,680
Rental and lease of equipment	179,333	4,164	28,383	20,630	183	232,693	209,482
	<b>115,567,608</b>	<b>20,894,368</b>	<b>6,803,846</b>	<b>4,027,757</b>	<b>3,476,232</b>	<b>150,769,812</b>	<b>141,854,267</b>
<b>Excess (deficiency) of revenue over expenses before the following items</b>	<b>1,223,372</b>	<b>275,654</b>	<b>113,027</b>	<b>(129,402)</b>	<b>3,866,248</b>	<b>5,348,899</b>	<b>3,882,781</b>
Amortization of grant/donations of land improvement, building and building service equipment	3,717,984	981,024	—	—	236,720	4,935,728	3,838,935
Amortization of land improvement, building and building service equipment	(4,961,623)	(1,410,924)	—	—	(1,859,359)	(8,231,906)	(6,641,007)
Interest expense on long-term debt	—	—	—	—	(2,214,398)	(2,214,398)	(1,378,864)
Interest expense on obligation under capital lease	(86,237)	—	—	—	—	(86,237)	—
<b>Excess (deficiency) of revenue over expenses</b>	<b>(106,504)</b>	<b>(154,246)</b>	<b>113,027</b>	<b>(129,402)</b>	<b>29,211</b>	<b>(247,915)</b>	<b>(298,155)</b>

See accompanying notes to the financial statements

# STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)

Year ended March 31

	Externally restricted	Unrestricted		2018	2017
	Capital and contingency replacement fund	Invested in capital assets	Unrestricted (deficiency)		
	\$	\$	\$	\$	\$
<b>Net assets (deficiency), beginning of</b>	<b>169,838</b>	<b>54,785,480</b>	<b>(19,719,020)</b>	<b>35,236,298</b>	<b>(1,335,547)</b>
Deficiency of revenue over expenses	—	—	(247,915)	(247,915)	(298,155)
Net change in net assets invested in capital assets [note 12b]	—	(2,707,111)	2,707,111	—	—
Contributed Land [note 4]	—	—	—	—	36,870,000
Transfer [note 12c]	292,369	—	(292,369)	—	—
<b>Net assets (deficiency), end of year</b>	<b>462,207</b>	<b>52,078,369</b>	<b>(17,552,193)</b>	<b>34,988,383</b>	<b>35,236,298</b>

See accompanying notes to the financial statements

# STATEMENT OF CASH FLOW

Year ended March 31

	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses	(247,915)	(298,155)
Change in deferred revenue	77,455	(14,477)
Add (deduct) items not affecting cash		
Amortization of capital assets	11,909,055	10,341,687
Amortization of deferred capital contributions <i>[note 11]</i>	(6,405,149)	(5,401,717)
Post-retirement benefits	184,800	60,600
Post-employment benefits	(44,881)	(175,000)
Academic Research transfer	(71,030)	—
	<b>5,402,335</b>	4,512,938
Changes in non-cash operating working capital items:		
Accounts receivable	1,055,834	(709,665)
Inventories	11,078	16,541
Prepaid expenses	224,660	(320,679)
Accounts payable and accrued liabilities <i>[note 8]</i>	3,807,159	(335,471)
<b>Cash provided by operating activities</b>	<b>10,501,066</b>	3,163,664
<b>INVESTING ACTIVITIES</b>		
Increase of restricted cash <i>[note 6]</i>	(943,270)	(1,167,512)
<b>Cash provided by investing activities</b>	<b>(943,270)</b>	(1,167,512)
<b>CAPITAL ACTIVITIES</b>		
Purchase of capital assets <i>[note 12b]</i>	(4,708,239)	(9,019,240)
Change in payables related to purchase of capital assets	(631,817)	1,271,926
<b>Cash used in capital activities</b>	<b>(5,340,056)</b>	(7,747,314)
<b>FINANCING ACTIVITIES</b>		
Reimbursement of long-term debt <i>[note 9]</i>	(1,069,776)	(254,663)
Reimbursement of obligation under capital lease <i>[note 10]</i>	(274,930)	—
Proceeds of disposal of capital assets	35,097	—
Deferred contributions received for capital assets <i>[note 11]</i>	3,348,017	8,003,645
<b>Cash provided by financing activities</b>	<b>2,038,408</b>	7,748,982
<b>Net increase in cash</b>	<b>6,256,148</b>	1,997,820
Cash, beginning of year	1,997,820	—
<b>Cash, end of year</b>	<b>8,253,968</b>	1,997,820

*Non-cash transactions consist of:*

Acquisition of Equipment under capital lease *[note 5 & 10]*

Purchase of equipment	(3,056,700.00)
HST Receivable on purchase of equipment	(333,300.00)
Obligation under capital lease	3,390,000.00
	<u>—</u>

See accompanying notes to the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 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.

## 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 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:

### 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.

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 statement of financial position date and collection of collateral.

Transaction costs are expensed as incurred.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 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 with the Other Accommodation envelop which can be recorded in Net Assets.

**Academic Research:** On April 1, 2017, the FHO physicians in Family Medicine and the University of Ottawa entered into a memorandum of agreement with Bruyère to transfer all of the family medicine department operations to Bruyère [under the name of Academic Research]. All assets and liabilities from family medicine were transferred into the statement of financial position of Bruyère with the exception of funding that comes directly from the Ministry of Health and Long Term Care (Family Health Team funding and Diabetes Education Program funding) under which any surpluses are the object of repayments to the MOHLTC. The mandate of the Academic Research is to support 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.

**CSS:** Bruyère operates smaller 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## Revenue recognition (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 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 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's 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 over their estimated useful life as follows:

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Land	Not amortized due to its infinite life
Land Improvements	5% - 20%
Building	2.5% - 4%
Building Service and Equipment	5% - 20%
Major equipment	5% - 20%
Software	20%

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Construction in progress, software under development and the equipment under capital lease under obligation 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 [note 5].

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 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

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 31<sup>st</sup>. 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.

## 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 statement of financial position date.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## Use of estimates

The preparation of 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 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, fair-value of derivative contracts as well as the assumptions underlying the post-employment benefits and post-retirement benefits calculations. Actual results could differ from these estimates.

## 3. INVENTORIES

The retail pharmacy and other's inventories consist primarily of drugs, medical and surgical supplies. The amount of inventories recognized as an expense during the year was \$1,358,204 [2017 - \$1,290,536] and \$4,457,787 [2017 - \$4,211,522] respectively.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 4. LAND AND BUILDINGS LEASED AND DONATED FROM THE CORPORATION OF THE SISTERS OF CHARITY OF OTTAWA

Most lands and buildings used by Bruyère were leased from the Corporation of the Sisters of Charity of Ottawa ["SCO"]. On April 1, 2007, Bruyère entered into a lease agreement for the buildings and lands for the Hospitals and EBR for a period of 20 years for a nominal amount, maturing in March 2027 without a pre-determined renewal period. On January 1, 2007, Bruyère entered into a lease agreement for the building and land for SLR for a period of 25 years for a nominal amount, maturing in September 2032 without a pre-determined renewal period. Bruyère also entered into a lease agreement on October 1, 2011 for the land for the Bruyère Village [*Place Besserer*] for a period of 45 years for a nominal amount, maturing in September 2060 without a pre-determined renewal period. Accordingly, improvements made to the buildings were recorded as leasehold improvements and amortized over the term of the leases as presented in [note 5].

On March 31, 2017, SCO donated all properties where Bruyère operate its programs, conditional that Bruyère maintains its catholicity. Included in the transfer are all buildings and lands occupied by Bruyère's current operations and some other properties surrounding the area of operations. All costs related to the transfer were paid by SCO. Approvals to donate the assets in question have been received by the Congregation from the Archbishop, Catholic Health Sponsors of Ontario and the Vatican. On June 22 2017, Bruyère received the final approval by the MOHLTC to accept the transfer, effective March 31, 2017 with certain conditions. As of March 31, 2018, Bruyère was in compliance with all the conditions.

In February 2016, all buildings and lands were appraised at \$192,624,000. The accounting treatment resulted in a net donation of \$141,829,923 [\$192,624,000 less Bruyère's investments in leasehold improvements of \$50,794,077] of which \$36,870,000 is an increase to the net asset position and the remaining \$104,959,923 will be amortized over the remaining life of the buildings [note 10]. It is to be noted that the leasehold improvements net book value ["NBV"] of \$50,794,077 mentioned above excludes the NBV of the leasehold improvements purchased between April 1, 2016 and March 31, 2017 totaling \$2,587,415 [Cost of \$2,608,192 less amortization expense of \$20,777] since all properties had been appraised prior to these improvements. A reliance letter was obtained to reaffirm the above appraised value of \$192,624,000 as of year-end March 31, 2017.

On March 31, 2017, the SCO donation [\$141,829,923] and Leasehold Improvements [\$50,794,077] related to SCO transfer were reclassified as follow [see note 5 – SCO Transfer Reclass]:

	\$
Land	36,870,000
Land Improvements	849,457
Building	134,361,629
Building Service Equipment	20,542,914
	<u>192,624,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 5. CAPITAL ASSETS AND EQUIPMENT UNDER CAPITAL LEASE

	March 31, 2018		
	Accumulated		Net Book
	Cost	Amortization	Value
	\$	\$	\$
Land	41,742,729	—	41,742,729
Land Improvements	295,536	138,253	157,283
Building	214,702,543	13,597,675	201,104,868
Building Service Equipment	14,817,558	1,559,041	13,258,517
Construction in progress	2,605,931	—	2,605,931
Major equipment	44,651,152	41,787,555	2,863,597
Software	14,820,698	11,685,537	3,135,161
Software under development	776,396	—	776,396
Equipment under capital lease	3,056,700	—	3,056,700
	<b>337,469,243</b>	<b>68,768,061</b>	<b>268,701,182</b>

	March 31, 2017				
	Accumulated		SCO Transfer	Leasehold Purchases	Net Book
	Cost	Amortization	Reclass of NBV	Reclass of NBV	Value
	\$	\$	[note 4] \$	[note 4] \$	\$
Land	4,872,729	—	36,870,000	—	41,742,729
Land Improvements	—	—	126,725	162,395	289,120
Leasehold Improvements	137,647,105	84,265,613	(50,794,077)	(2,587,415)	—
Building	63,514,063	7,066,962	143,936,870	375,084	200,759,055
Building Service Equipment	—	—	11,690,406	2,049,936	13,740,341
Construction in progress	6,892,856	—	—	—	6,892,856
Major equipment	44,155,151	40,697,084	—	—	3,458,067
Software	14,768,852	9,098,859	—	—	5,669,993
Software under development	257,204	—	—	—	257,204
	<b>272,107,960</b>	<b>141,128,518</b>	<b>141,829,924</b>	<b>—</b>	<b>272,809,365</b>

As at March 31, 2018, the amount of interest capitalized included in construction in progress is \$89,311 [2017 - \$56,570]. During the year, equipment was acquired at an aggregate cost of \$3,056,700 financed through issuance of an obligation under capital lease.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 6. RESTRICTED CASH

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

	March 31, 2018	March 31, 2017
	\$	\$
Unspent capital contributions <i>[note 11]</i>	2,232,031	1,842,797
Capital and contingency replacement funds <i>[note 12c]</i>	462,207	169,837
Restricted Cash - Bruyere Village	2,000,000	1,738,334
	<u>4,694,238</u>	<u>3,750,968</u>

Bruyère was obliged to restrict excess cash flows generated by the Village. The usage of these funds in the debt service reserve account is subject to Ontario Infrastructure Lands Corporation ["IO"] consent and approval.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 7. 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, 2018	March 31, 2017
	\$	\$
<b>Balance, beginning of year</b>	<b>974,640</b>	986,102
Contributions received during the year	<b>839,673</b>	738,613
Disbursements made during the year	<b>(832,136)</b>	(737,291)
Transfers	<b>10,425</b>	(12,784)
<b>Balance, end of year</b>	<b>992,602</b>	974,640

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	March 31, 2017
	\$	\$
Accounts payable	<b>11,428,060</b>	10,068,284
Employee/employer remittances payable	<b>3,107,411</b>	2,509,926
Accrued salaries & wages - general	<b>2,046,589</b>	1,707,368
Accrued salaries & wages - under negotiation	<b>1,841,855</b>	1,854,141
Vacation benefits payable	<b>7,944,037</b>	7,875,945
Other accrued benefits	<b>1,130,970</b>	685,106
Other accrued liabilities	<b>1,335,429</b>	958,239
	<b>28,834,351</b>	25,659,009

The amount of payables related to purchase of capital assets as at March 31, 2018 amounts to \$977,925 [2017 - \$1,609,742].

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 9. LONG-TERM DEBT

	March 31, 2018	March 31, 2017
	\$	\$
Village Debenture - Phase II	<b>42,980,868</b>	43,777,569
Village Debenture - Phase I	<b>13,018,090</b>	13,171,165
	<b>55,998,958</b>	56,948,734
SCO loan	<b>740,000</b>	860,000
Total debt long-term debt	<b>56,738,958</b>	<b>57,808,734</b>
Less current portion of long-term debt	<b>(1,107,379)</b>	(1,069,776)
	<b>55,631,579</b>	56,738,958

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

	\$
2019	1,107,379
2020	1,146,475
2021	1,187,122
2022	1,229,382
2023	1,273,320
	<b>5,943,678</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## Financing agreement – Bruyère Village

In fiscal year 2012, Bruyère entered into a financing agreement [“Village Construction Loan”] for the construction of the Bruyère Village [“Phase I” and “Phase II”] with IO for financing of up to \$54,273,259.

### *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 Construction loan – Phase II*

On May 24, 2012, Bruyère entered into a forward contract to purchase a fixed rate debenture of \$40,604,509 having a closing date of June 1, 2015. As at March 31, 2015, Bruyère was not in compliance with the financing agreement covenant to maintain \$3 million of unrestricted cash on hand until a 1.15 debt service coverage ratio is reached. Through consultation with IO, Bruyère opted to terminate its forward contract on June 1, 2015 and immediately pay the lender a penalty fee of \$506,267. In addition, the amount of \$3,173,060 which constitutes the cost of the locked-in rate was added to the Village Construction loan – Phase II, totaling \$43,777,569. Both penalty fee and locked-in rate cost were presented as an expense in the statement of revenue and expenses under Forward contract on construction loan cancellation cost as of March 31<sup>st</sup>, 2016.

In addition and as a result of the breach of covenant presented above, Bruyère entered into two successive forbearance agreements with IO dated June 29, 2015 and September 22, 2015 (collectively the “Forbearance Agreements”). Under the terms of the Forbearance Agreements, IO forbears from exercising its rights and remedies associated with the breach of the covenant identified above until December 31, 2016. On December 23, 2016, the parties extended the forbearance period to January 31, 2017 or any such later date to enable Bruyère to convert the Construction Loan – Phase II to a Debenture [see below *Village Debenture – Phase II*].

### *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 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 31<sup>st</sup>, 2018, Bruyère was in compliance with all the covenants of the financing agreement.

### *IO Security for Village Debenture – Phase I and Phase II*

IO has a freehold charge/mortgage and assignment of rents against the Phase I lands with carrying value of \$3,147,729 [2017 - \$3,147,729] and a first ranking mortgage/charge on Phase II lands with a carrying value of \$3,000,000 [2017 - \$nil].

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## Sisters of Charity of Ottawa 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.

## 10. 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. The implementation of the Co-Gen project was planned in three phases:

- Phase I: Provision of the generator;
- Phase II: Installation of the generator and ancillary equipment and;
- Phase III: Computer system to control and monitor operation.

During this fiscal year, Phase I and II were successfully completed. As of March 31<sup>st</sup>, 2018, Phase III is still on-going with a completion date expected in late fiscal year 2019.

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 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 is reimbursable on a monthly payment of \$36,117 [capital and interest], bearing interest of 3.23% and secured by the equipment under capital lease. The obligation under capital lease is presented as follow:

	March 31, 2018
	\$
Obligation under capital lease on June 28, 2017 *	3,390,000
Capital repayment during current fiscal year	(274,930)
Obligation under capital lease as of March 31, 2018	3,115,070
Less current portion of obligation under capital lease	(339,627)
	<u>2,775,443</u>

\* non-cash transaction

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

	\$
2019	339,627
2020	350,543
2021	361,810
2022	373,439
2023	32,588
	<u>1,458,007</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 11. 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 donated by SCO. The amortization of deferred contributions related to capital assets is recorded as revenue in the statement of revenue and expenses.

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

	March 31, 2018	March 31, 2017
	\$	\$
<b>Balance, beginning of year</b>	<b>162,057,948</b>	54,496,097
Capital grants and donations received	<b>3,348,017</b>	8,003,645
SCO Buildings Contribution <i>[note 4]</i>	—	104,959,923
Amortization of deferred contributions	<b>(6,405,149)</b>	(5,401,717)
<b>Balance, end of year</b>	<b>159,000,816</b>	162,057,948

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

	March 31, 2018	March 31, 2017
	\$	\$
Unamortized capital contributions	<b>156,768,785</b>	160,215,151
Unspent capital contributions	<b>2,232,031</b>	1,842,797
	<b>159,000,816</b>	162,057,948

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 12. NET ASSETS

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

	March 31, 2018	March 31, 2017
	\$	\$
Capital assets [note 5]	268,701,182	272,809,365
Less amounts financed by:		
Unamortized capital contributions [note 11]	(156,768,785)	(160,215,151)
Total debt [note 9]	(56,738,958)	(57,808,734)
Total obligation [note 10]	(3,115,070)	—
	<b>52,078,369</b>	<b>54,785,480</b>

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

	March 31, 2018	March 31, 2017
	\$	\$
Purchase of capital assets	7,764,939	9,019,240
Amounts financed by deferred capital contributions:		
Capital grants and donations received	(3,348,017)	(8,003,645)
SCO buildings contribution [note 4 & 10]	—	(104,959,923)
SCO property transfer [note 4 & 5]	—	104,959,923
Academic research transfer	71,030	—
Proceeds on disposal of capital assets	(35,097)	—
Changes in unspent capital contributions	389,234	537,460
Amounts financed by long-term debt and obligation under capital lease:		
Obligation under capital lease	(3,390,000)	—
Repayment of obligation under capital lease	274,930	—
Repayment of long-term debt	1,069,776	254,663
Amortization of deferred contributions	6,405,149	5,401,717
Amortization of capital assets	(11,909,055)	(10,341,687)
	<b>(2,707,111)</b>	<b>(3,132,252)</b>

[c] IO requires Bruyère to transfer 1% until February 28, 2017 and 4% as March 1, 2017 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 IO or debt service obligations. Any use of the CCRF shall require prior written consent by IO. The amount transferred in the year was \$292,369 [2017 - \$79,657].

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 13. RELATED PARTY TRANSACTIONS

Bruyère exercises significant influence over the Bruyère Foundation Inc. [“the Foundation”], the Bruyère Family Health Organization [“FHO”] 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, FHO and BRI are separate entities, whose financial information is reported on separately. The net assets and results of operations for these entities are not included in Bruyère’s 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 \$879,535 [2017 - \$2,974,632] from the Foundation for capital and operating purposes. 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 \$51,000 [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. Included in other accounts payable is \$32,459 [2017 – \$36,956 due from].

### **Bruyère Family Health Organization**

As of April 1<sup>st</sup>, 2017 FHO transaction are incorporated in Bruyère financial statement under the name Academic Research [note 2]. In fiscal year 2017, Bruyère has charged \$238,266 to FHO as a recovery of financial, human resources and information systems services as well as occupation cost. All revenue and expenses of FHO were respectively received and paid by Bruyère. Included in other accounts receivable as of March 31, 2017 was \$274,917 due from FHO.

### **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 [2017 - \$817,460]. Bruyère provided BRI with financial, human resources and information systems services as well as occupation cost at minimal charges of \$61,500 [2017 - \$60,000], based on cost and ability to pay. All revenue and expenses of BRI are initially respectively received and paid by Bruyère. Included in other accounts payable is \$136,110 [2017 - \$264,675 due from] due to BRI.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## Hospital Food Services – Ontario Inc., Ottawa Regional Hospital Linen Services Incorporated and Champlain Health Supply Services Inc.

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

For the year ended March 31, 2018, Bruyère provided \$1,053,826 [2017 - \$983,845] to HFS for food services, \$1,362,999 [2017 - \$1,238,883] to ORHLS for laundry services and \$116,748 [2017 - \$111,265] to CHSS for procurement services. These amounts have been included in supplies and other expenses in the statement of revenue and expenses.

## 14. PENSION PLAN

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. The plan is accounted for as a defined contribution plan. Contributions to HOOPP made during the year by Bruyère on behalf of its employees amounted to \$6,695,102 [2017 - \$6,134,481] and are included in the 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, 2017 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 the employer amounted to \$284,752 [2017 - \$258,305]. A group RRSP plan is also offered to non-unionized employees of the SLR. Contributions to this plan for the year totaled \$28,367 [2017 - \$21,830]. 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.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 15. 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, 2016 for both the post-retirement and sick leave benefits plans. The results were extrapolated to March 31, 2018. The results of the actuarial valuation extrapolated as at March 31, 2018 were used to develop the expense for the period from April 1, 2017 to March 31, 2018.

The next required actuarial valuation will be performed as at December 31, 2019.

These benefits are recorded in the statement of revenue and expenses as a component of salaries and wages for \$248,000 [2017 - \$206,300] and as a component of benefit contributions for \$630,900 [2017 - \$327,300].

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

	Post-employment benefits		Post-retirement benefits	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	\$	\$	\$	\$
<b>Accrued benefit liability</b>				
Balance, beginning of year	2,693,800	2,868,800	4,185,400	4,124,800
Benefit cost for the year	248,000	206,300	630,900	327,300
Benefit payments	(292,881)	(381,300)	(446,100)	(266,700)
<b>Balance, end of year</b>	<b>2,648,919</b>	<b>2,693,800</b>	<b>4,370,200</b>	<b>4,185,400</b>

The benefit cost for the year includes:

	Post-employment benefits		Post-retirement benefits	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	\$	\$	\$	\$
Current service cost	60,500	80,900	257,300	212,100
Interest cost on accrued benefit obligation	101,800	81,300	207,100	112,800
Amortization of actuarial loss	85,700	44,100	166,500	2,400
<b>Benefit cost</b>	<b>248,000</b>	<b>206,300</b>	<b>630,900</b>	<b>327,300</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

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

	Post-employment benefits		Post-retirement benefits	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	\$	\$	\$	\$
Accrued benefit obligation	3,045,119	3,057,800	5,926,400	5,830,200
Less unamortized actuarial loss	(396,200)	(364,000)	(1,556,200)	(1,644,800)
<b>Accrued benefit liability</b>	<b>2,648,919</b>	<b>2,693,800</b>	<b>4,370,200</b>	<b>4,185,400</b>

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

	Post-employment benefits		Post-retirement benefits	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	\$	\$	\$	\$
Discount rate	3.43%	3.61%	3.43%	3.61%
Salary escalation rate	1.50%	1.50%	1.50%	1.50%
Extended health care cost trend - current	—	—	6.50%	6.50%
Extended health care cost trend - ultimate	—	—	4.50%	4.50%
Dental care cost trend - current	—	—	4.00%	4.00%
Average remaining service years for gain & loss	5.00	7.00	10.00	10.00

## 16. LINE OF CREDIT

Bruyère has an available unsecured line of credit of \$2,400,000 [2017 - \$2,400,000], bearing interest based on the bank prime rate minus 0.75%, renewable annually. As at March 31, 2018, Bruyère had drawn \$nil [2017 - \$nil] from the line of credit, but has one [2017 - one] Letter of Guarantee drawn against the line of credit for an amount of \$1,024,800 [2017 - \$1,024,800]. The remaining balance of \$1,375,200 [2017 - \$1,375,200] is available to support Bruyère cash flow requirements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 17. COMMITMENTS AND CONTINGENCIES

- [a] At March 31, 2018, HFS has an outstanding balance of \$3,139,990 [2017 - \$4,501,554] on an available non-revolving demand loan for which Bruyère, as a founding member, is one of the guarantors. In the event of any breach of covenants associated with this non-revolving demand loan, Bruyère may be required to advance some funds to HFS, in accordance with its guarantee of the debt. The Bruyère share of the capital advance would be based on its percentage of ownership in HFS. Bruyère's share of the potential debt repayment should HFS default on the line of credit is \$1,428,917 [2017 - \$1,679,992]. As at the date of finalizing the financial statements, there has been no such request by the debtor.
- [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 and thereafter are as follows:

	\$
2019	1,558,184
2020	1,320,130
2021	891,963
2022	771,166
2023	160,988
Thereafter	124,838

- [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, 2018, Bruyère remaining commitment amounts to \$1,227,559 over the fiscal year.

## 18. 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, 2018, 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, 2018, Bruyère was in compliance with all the covenants of the financing agreement [note 9].

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

## 19. FINANCIAL INSTRUMENTS 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 9] and obligation under capital lease [note 10] 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 cash portion of assets internally restricted are classified as level 1 financial instrument.

There were no transfers between levels for the year ended March 31, 2018 [2017 – no transfers].

### 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 statement of financial position. Credit risk is mitigated through collection practices and the diverse nature of amounts with accounts receivable.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31

The 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, 2018, the balance of receivables over 90 days is \$247,162 [2017 - \$446,256]. Of this amount, \$53,541 [2017 - \$205,768] is due from other and \$193,621 [2017 - \$240,488] due from patients. Bruyère does not consider these amounts to be impaired. Bruyère actively manages and monitors these receivables balances. As of March 31, 2018, an impairment allowance which totals \$148,794 [2017 - \$123,986] 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 9 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 10].

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 9 and 10* respectively.

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.