

Bruyère Research Institute  
Financial  
Statements  
March 31, 2016

*Bruyère Is There.*



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**Bruyère**  
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INSTITUT DE RECHERCHE  
**BRUYÈRE**  
RESEARCH INSTITUTE

Affilié à l'Université d'Ottawa  
Affiliated with the University of Ottawa

# INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of  
Bruyère Research Institute Inc.

We have audited the accompanying financial statements of Bruyère Research Institute Inc., which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets 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 Research Institute Inc. as at March 31, 2016, 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

July 13, 2016  
Ottawa, Ontario



# STATEMENT OF FINANCIAL POSITION

	March 31, 2016	March 31, 2015
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	3,610,521	3,521,261
Accounts receivable	272,659	460,693
Due from Bruyère Continuing Care Inc. [note 3]	312,914	18,766
Research grants receivable [note 3]	193,910	264,827
Prepaid expenses	2,163	17,841
<b>Total current assets</b>	<b>4,392,167</b>	<b>4,283,388</b>
Capital assets	44,078	44,078
Accumulated amortization	(43,691)	(43,303)
<b>Net capital assets</b>	<b>387</b>	<b>775</b>
	<b>4,392,554</b>	<b>4,284,163</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities [note 4]	484,706	144,702
Deferred revenue	2,000	2,000
Deferred research grants [note 5]	3,063,388	3,217,510
<b>Total current liabilities</b>	<b>3,550,094</b>	<b>3,364,212</b>
<b>Net assets</b>		
Invested in capital assets	387	775
Internally restricted	225,000	225,000
Unrestricted	617,073	694,176
<b>Total net assets</b>	<b>842,460</b>	<b>919,951</b>
	<b>4,392,554</b>	<b>4,284,163</b>

See accompanying notes to the financial statements

On behalf of the Board:



Chair: Graham Green



Secretary: Peter Walker



# STATEMENT OF OPERATIONS

Year ended March 31

	2016	2015
	\$	\$
<b>REVENUE</b>		
Contributions from related parties <i>[note 3]</i>	757,514	1,055,888
Contributions from other sources	374,870	214,288
Research projects	5,314,394	5,354,403
	<b>6,446,778</b>	<b>6,624,579</b>
<b>EXPENSES</b>		
Research administrative salaries and benefits	595,752	525,915
Professional fees and other expenses	387,412	465,312
Equipment expense	12,774	7,958
Amortization of capital assets	388	388
Research projects	5,527,943	5,380,584
	<b>6,524,269</b>	<b>6,380,157</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(77,491)</b>	<b>244,422</b>

*See accompanying notes to the financial statements*



# STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	2016 \$	2015 \$
<b>Net assets, beginning of year</b>	<b>775</b>	<b>225,000</b>	<b>694,176</b>	<b>919,951</b>	675,529
Excess (deficiency) of revenue over expenses	—	—	(77,491)	(77,491)	244,422
Amortization of capital assets	(388)	—	388	—	—
<b>Net assets, end of year</b>	<b>387</b>	<b>225,000</b>	<b>617,073</b>	<b>842,460</b>	919,951

*See accompanying notes to the financial statements*



# STATEMENT OF CASH FLOWS

Year ended March 31

	2016 \$	2015 \$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	(77,491)	244,422
Add items not affecting cash		
Amortization of capital assets	388	388
	<b>(77,103)</b>	<b>244,810</b>
Changes in non-cash operating working capital items:		
Accounts receivable	188,034	(114,202)
Due from / to Bruyère Continuing Care Inc.	(294,148)	(638,879)
Research grants receivable	70,917	(173,973)
Prepaid expenses	15,677	15,039
Accounts payable and accrued liabilities	340,005	(180,692)
Deferred research grant	(154,122)	127,886
<b>Cash provided by (used in) operating activities</b>	<b>89,260</b>	<b>(720,011)</b>
<b>Net increase (decrease) in cash</b>	<b>89,260</b>	<b>(720,011)</b>
Cash, beginning of year	3,521,261	4,241,272
<b>Cash, end of year</b>	<b>3,610,521</b>	<b>3,521,261</b>

*See accompanying notes to the financial statements*

# NOTES TO THE FINANCIAL STATEMENTS

## 1. NATURE OF ENTITY

The Bruyère Research Institute Inc. [the “Research Institute” or “BRI”] was incorporated in September 1987 under the Corporations Act of Ontario and is a registered charity under the Income Tax Act. The Research Institute promotes, supports and carries out research towards maximizing independence and fostering exemplary care in long-term, complex continuing and in end-of-life for the elderly. In fiscal year 2013, the Research Institute has been accepted by the Canada Revenue Agency as an approved research institute for purposes of scientific research and experimental development expenditures.

## 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:

### Revenue recognition

The Research Institute follows the deferral method of accounting for contributions and grants. Externally restricted contributions, grants and related generated interest are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted and operating contributions and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### Net assets

Net assets invested in capital assets are comprised of the amount of capital assets purchased with unrestricted funds. Internally restricted net assets consist of funds set aside by the Board of Directors for future use. Unrestricted net assets represent the Research Institute net assets that may be used for any purpose deemed appropriate.

### Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful life. The rates of amortization are as follows:

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Equipment	10% - 20%
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# NOTES TO THE FINANCIAL STATEMENTS

## Financial instruments

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

### Asset / Liability Measurement

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Cash	Fair value
Accounts receivable	Amortized cost
Due from Bruyère Continuing Care Inc.	Amortized cost
Research grants receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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It is management's opinion that the Research Institute is not exposed to significant interest, currency 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 the estimated useful life of capital assets, recoverability of accounts and research grants receivable and the amount of certain accrued liabilities. Actual results could differ from these estimates.



# NOTES TO THE FINANCIAL STATEMENTS

## 3. RELATED PARTY TRANSACTIONS

Bruyère Continuing Care Inc. [“Bruyère”] is incorporated under the Corporations Act of Ontario and is a registered charity under the Income Tax Act. Bruyère supported the Research Institute’s overhead with a contribution of \$877,029 [2015 - \$914,981] of which \$747,612 [2015 - \$765,610] was an unrestricted contribution for operations and \$129,417 [2015 - \$149,371] was for specific purpose operating. Bruyère also provided the Research Institute with financial, human resources and information systems services as well as occupation cost at minimal charges of \$60,000 [2015 - \$60,000], based on cost and ability to pay.

All revenue and expenses of the Research Institute are initially respectively received and paid by Bruyère. At March 31, 2016, \$312,914 [2015 - \$18,766] was due from Bruyère.

The Bruyère Foundation Inc. [the “Foundation”] is incorporated under the Corporations Act of Ontario and is a registered charity under the Income Tax Act. For fiscal year 2016, the Foundation budgeted disbursements of \$390,000 [2015 - \$390,000], however, was only able to contribute \$81,599 [2015 - \$322,360] of which \$9,201 [2015 - \$290,000] was an unrestricted contribution for operations and \$72,398 [2015 - \$32,360] was for research projects. The Foundation also disbursed \$55,405 [2015 - \$90,486] for directed gifts, of which \$701 [2015 - \$185] was an unrestricted contribution for operations and \$54,704 [2015 - \$90,301] was for research projects.

Included in research grants receivable is \$50,000 [2015 - \$32,360] due from the Foundation.

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, 2016, \$40,701 [2015 - \$41,399] of government remittances are included in accounts payable and accrued liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

## 5. DEFERRED RESEARCH GRANTS

The changes in the deferred research grants balance are as follows:

	2016	2015
	\$	\$
<b>Balance, beginning of year</b>	<b>3,217,510</b>	3,089,624
Grants received during the year	<b>4,144,164</b>	4,604,602
Research projects grants recognized during the year	<b>(4,056,510)</b>	(4,476,716)
Research project cancelled	<b>(229,140)</b>	-
Transfer to Bruyère Continuing Care	<b>(12,636)</b>	-
<b>Balance, end of year</b>	<b>3,063,388</b>	3,217,510

## 6. PENSION PLAN

Some employees of the Research Institute 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 Research Institute on behalf of its employees amounted to \$41,379 [2015 - \$33,104] and are included in research administrative salaries and benefits, research programs salaries and benefits and research projects expenses in the statement of operations.

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, 2015 indicated that HOOPP is fully funded.

## 7. CAPITAL MANAGEMENT

The Research Institute includes net assets invested in capital assets, internally restricted net assets and unrestricted net assets in its definition of capital.

In managing capital, the Research Institute focuses on liquid resources available for operations. The Research Institute'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



# NOTES TO THE FINANCIAL STATEMENTS

results compared to the budget. As at March 31, 2016, the Research Institute has met its objective of having sufficient liquid resources to meet its current obligations.

The Research Institute is subject to externally imposed restrictions on the use of research grants, which are to be used for specific sites, programs or purposes. During the year, The Research Institute complied with all externally imposed restrictions.

## 8. COMPARATIVE FIGURES

Certain 2015 comparative figures have been reclassified within net assets to conform with the financial statement presentation adopted in 2016.

