

Bruyère Research Institute

# Financial Statements

March 31, 2019



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INSTITUT DE RECHERCHE

**Bruyère**   
RESEARCH INSTITUTE

# INDEPENDENT AUDITOR'S REPORT

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

## *Opinion*

We have audited the financial statements of Bruyère Research Institute Inc., which comprise the statement of financial position as at March 31, 2019, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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.

## *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Organization’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

# STATEMENT OF FINANCIAL POSITION

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# STATEMENT OF FINANCIAL POSITION

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Ottawa, Ontario

June 27, 2019

# STATEMENT OF FINANCIAL POSITION

	March 31, 2019	March 31, 2018
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	6,342,030	4,586,970
Accounts receivable	427,632	472,047
Due from Bruyère Continuing Care Inc. [note 3]	-	136,111
Research grants receivable	128,449	593,899
Prepaid expenses	53,921	147,790
<b>Total assets</b>	<b>6,952,032</b>	<b>5,936,817</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities [note 4]	514,659	687,148
Due to Bruyère Continuing Care Inc. [note 3]	547,761	—
Deferred research grants [note 5]	4,054,746	3,453,741
<b>Total current liabilities</b>	<b>5,117,166</b>	<b>4,140,889</b>
<b>Net assets</b>		
Internally restricted	275,000	275,000
Unrestricted	1,559,866	1,520,928
<b>Total net assets</b>	<b>1,834,866</b>	<b>1,795,928</b>
	<b>6,952,032</b>	<b>5,936,817</b>

See accompanying notes to the financial statements

On behalf of the Board:



Interim Chair: Dinis Cabral



Director: Mark Jackson

# STATEMENT OF OPERATIONS

Year ended March 31

	2019	2018
	\$	\$
<b>REVENUE</b>		
Research projects	8,045,954	6,118,195
Contributions from related parties <i>[note 3]</i>	728,873	917,660
Contributions from other sources	604,943	494,633
	<b>9,379,770</b>	<b>7,530,488</b>
<b>EXPENSES</b>		
Research projects	8,238,746	6,267,226
Research administrative salaries and benefits	615,862	569,491
Professional fees and other expenses	465,564	337,750
Equipment expense	20,660	68,680
	<b>9,340,832</b>	<b>7,243,147</b>
<b>Excess of revenue over expenses</b>	<b>38,938</b>	<b>287,341</b>

*See accompanying notes to the financial statements*

# STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Internally restricted	Unrestricted	2019	2018
	\$	\$	\$	\$
Net assets, beginning of year	275,000	1,520,928	1,795,928	1,508,587
Excess of revenue over expenses	—	38,938	38,938	287,341
<b>Net assets, end of year</b>	<b>275,000</b>	<b>1,559,866</b>	<b>1,834,866</b>	<b>1,795,928</b>

*See accompanying notes to the financial statements*

# STATEMENT OF CASH FLOWS

Year ended March 31

	2019 \$	2018 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	38,938	287,341
Changes in non-cash operating working capital items:		
Accounts receivable	44,415	(56,542)
Due from / to Bruyère Continuing Care Inc.	683,872	(400,786)
Research grants receivable	465,450	(538,958)
Prepaid expenses	93,869	(121,151)
Accounts payable and accrued liabilities	(172,489)	254,511
Deferred research grants	601,005	927,803
<b>Cash provided by operating activities</b>	<b>1,755,060</b>	<b>352,218</b>
<b>Net increase in cash</b>	<b>1,755,060</b>	<b>352,218</b>
Cash, beginning of year	4,586,970	4,234,752
<b>Cash, end of year</b>	<b>6,342,030</b>	<b>4,586,970</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.

BRI’s investigators are entitled to hold a general research funds which consists of honorariums, consulting services, bursaries, excess research project or contract funds that do not have to be returned to the funder. Those funds are deferred and recognized as revenue in the year in which general research expenses are incurred. Deferred general research funds are presented as deferred research grants on the statement of financial position.

### 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’s net assets that may be used for any purpose deemed appropriate.

# 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

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

It is management's opinion that the Research Institute is not exposed to significant interest rate, 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 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 \$727,460 [2018 - \$727,460] of which \$727,460 [2018 - \$727,460] was an unrestricted contribution for operations. Bruyère also provided the Research Institute with financial, human resources and information systems services as well as occupation cost at minimal charges of \$62,400 [2018 - \$61,500], based on cost and ability to pay.

All revenue and expenses of the Research Institute are initially received and paid by Bruyère. At March 31, 2019, \$547,761 was due to Bruyère [2018 - \$136,111 - 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. During the year, the Research Institute received \$849,209 [2018 - \$512,123] from the Foundation of which \$1,413 [2018 - \$190,200] was an unrestricted contribution for operations and \$847,796 [2018 - \$321,923] was for research projects.

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, 2019, \$57,265 [2018 - \$42,950] 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:

	2019	2018
	\$	\$
<b>Balance, beginning of year</b>	<b>3,453,741</b>	2,525,938
Grants received during the year	<b>8,103,219</b>	6,749,735
Research projects grants recognized during the year	<b>(7,502,214)</b>	(5,811,568)
Research project transfer to University of Alberta	—	(10,364)
<b>Balance, end of year</b>	<b>4,054,746</b>	3,453,741

## 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 \$40,913 [2018 - \$36,476] 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, 2018 indicated that HOOPP is fully funded.

# NOTES TO THE FINANCIAL STATEMENTS

## 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 results compared to the budget. As at March 31, 2019, the Research Institute has met its objective of having sufficient liquid resources to meet its current obligations. BRI has accumulated unrestricted net assets over its history. A portion of the accumulated net assets is retained as working capital which may be required from time to time due to timing delays in receiving external funding. The remaining surplus is available for the use of BRI at the Board of Directors' discretion.

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.