

Bruyère Foundation
Financial Statements
March 31, 2019



**LIFE
CHANGING**

bruyere.org

FONDATION

Bruyère 
FOUNDATION

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Bruyère Foundation Inc. (the “Organization”), 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.

INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

- 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.

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 24, 2019

STATEMENT OF FINANCIAL POSITION

	March 31, 2019			March 31, 2018		
	General Fund \$	Restricted Fund \$	Total \$	General Fund \$	Restricted Fund \$	Total \$
ASSETS						
Current assets						
Cash and cash equivalent	824,174	1,385,538	2,209,712	325,350	462,368	787,718
Accounts receivable	27,283	—	27,283	22,489	—	22,489
Prepaid expenses	24,708	—	24,708	19,773	—	19,773
Due from Bruyère Continuing Care Inc. [notes 3 and 4]	—	—	—	32,459	—	32,459
	876,165	1,385,538	2,261,703	400,071	462,368	862,439
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities	14,918	—	14,918	14,344	—	14,344
Due to Bruyère Continuing Care Inc. [notes 3 and 4]	141,894	—	141,894	—	—	—
Total current liabilities	156,812	—	156,812	14,344	—	14,344
<i>contingent liability [note 7]</i>						
Fund balances						
Restricted	—	1,385,538	1,385,538	—	462,368	462,368
General	719,353	—	719,353	385,727	—	385,727
Total fund balances	719,353	1,385,538	2,104,891	385,727	462,368	848,095
	876,165	1,385,538	2,261,703	400,071	462,368	862,439

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

	2019			2018		
	General Fund	Restricted Fund	Total	General Fund	Restricted Fund	Total
	\$	\$	\$	\$	\$	\$
REVENUE						
Donations	1,727,486	2,709,960	4,437,446	1,654,372	1,306,613	2,960,985
Investment income	18,774	—	18,774	7,564	—	7,564
Re-allocation fee	18,044	(18,044)	—	89,030	(89,030)	—
Fundraising activities	342,744	58,651	401,395	264,231	24,224	288,455
	2,107,048	2,750,567	4,857,615	2,015,197	1,241,807	3,257,004
EXPENSES						
Salaries and employee benefits	609,092	477,168	1,086,260	768,860	10,249	779,109
Direct mail expenses	71,796	1,910	73,706	71,016	947	71,963
Professional fees	46,010	35,239	81,249	73,937	986	74,923
Insurance	11,326	8,674	20,000	19,737	263	20,000
Supplies and office expenses	6,253	4,893	11,146	8,615	115	8,730
Donor cultivation and recognition	36,017	27,586	63,603	50,995	680	51,675
Fundraising activities expenses	125,255	26,623	151,878	121,958	19,312	141,270
Advertising	122,150	93,554	215,704	130,041	1,036	131,077
Bank charges	13,191	10,103	23,294	17,107	228	17,335
Public Relations	17,614	13,490	31,104	18,852	321	19,173
Software maintenance	6,484	4,966	11,450	10,970	146	11,116
Other expenses	10,744	8,228	18,972	16,638	152	16,790
	1,075,932	712,434	1,788,366	1,308,726	34,435	1,343,161
Excess of revenue over expenses, before distributions	1,031,116	2,038,133	3,069,249	706,471	1,207,372	1,913,843
Distributions	666,271	976,634	1,642,905	342,870	1,398,788	1,741,658
Distributions-in-kind	—	169,548	169,548	—	184,540	184,540
Excess (deficiency) of revenue over expenses and distributions	364,845	891,951	1,256,796	363,601	(375,956)	(12,355)

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUND BALANCES

Year ended March 31

	2019			2018		
	General Fund \$	Restricted Fund \$	Total \$	General Fund \$	Restricted Fund \$	Total \$
Fund balances, beginning of year	385,727	462,368	848,095	22,126	838,324	860,450
Excess (deficiency) of revenue over expenses and distributions	364,846	891,950	1,256,796	363,601	(375,956)	(12,355)
Interfund transfer [note 5]	(31,220)	31,220	—	—	—	—
Fund balances, end of year	719,353	1,385,538	2,104,891	385,727	462,368	848,095

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue (deficiency) over expenses and distributions	1,256,796	(12,355)
Changes in non-cash operating working capital items:		
Accounts receivable	(4,794)	185,234
Prepaid expenses	(4,935)	(11,393)
Due from / to Bruyère Continuing Care Inc.	174,353	(69,415)
Accounts payable and accrued liabilities	574	(1,433)
Cash provided by operating activities	1,421,994	90,638
Net increase in cash	1,421,994	90,638
Cash, beginning of year	787,718	697,080
Cash, end of year	2,209,712	787,718
Cash end of year comprised of		
Cash	824,174	325,350
Restricted cash and cash equivalent	1,385,538	462,368
Cash and cash equivalent end of year	2,209,712	787,718

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.

NOTES TO THE FINANCIAL STATEMENTS

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 of general expenses 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. Effective April 1, 2018, salaries and benefits are allocated based on the percentage work for the Campaign from each and individual employee. Direct mail and Fundraising activities expenses are allocated based on where the revenue is received and recognized. 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 and cash equivalent	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.

NOTES TO THE FINANCIAL STATEMENTS

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 \$523,697 [2018 - \$879,535] to Bruyère, \$849,209 [2018 - \$512,123] to BRI and \$270,000 [2018 - \$350,000] to affiliated or associated institutions and programs. The Foundation also contributed distributions-in-kind of \$169,548 [2018 - \$184,540] 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 \$51,804 [2018 - \$51,000], 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, 2019, \$141,894 is due to Bruyère [2018 - \$32,459 is due from 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, 2019, \$12,874 of government remittances is included in the due from Bruyère [2018 - \$9,694 netted in the due to Bruyère].

NOTES TO THE FINANCIAL STATEMENTS

5. INTERFUND TRANSFER

During the year, \$31,220 [2018 - \$ nil] were transferred from the General Fund to the Restricted Fund to cover a deficit in one of the Restricted Funds.

6. PENSION PLAN

Substantially all of the employees of the Foundation are members of the Healthcare of Ontario Pension Plan [“HOOPP”], which is a multi-employer defined benefit pension plan available to all eligible employees of the healthcare community. The plan is accounted for as a defined contribution plan. Contributions to HOOPP made during the year by the Foundation on behalf of its employees amounted to \$75,451 [2018 - \$59,196] 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, 2018 indicated HOOPP is fully funded.

7. CONTINGENT LIABILITY

The Foundation is contingently liable under one letter of credit for a total of \$91,000 (2018 – \$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, 2019 [2018 – \$ nil]. The 50/50 staff lottery draw is schedule to start in fiscal year 2019-2020.

8. 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, 2019, 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.

NOTES TO THE FINANCIAL STATEMENTS

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.