

Bruyère Research Institute

Financial Statements

March 31, 2017



bruyere.org

INSTITUT DE RECHERCHE

Bruyère 
RESEARCH INSTITUTE

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, 2017, 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, 2017, 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

June 28, 2017
Ottawa, Ontario



STATEMENT OF FINANCIAL POSITION

	March 31, 2017	March 31, 2016
	\$	\$
		[Restated - Note 3]
ASSETS		
Current assets		
Cash	4,234,752	3,610,521
Accounts receivable	415,505	272,659
Due from Bruyère Continuing Care Inc. [note 4]	—	312,914
Research grants receivable [note 4]	54,941	193,910
Prepaid expenses	26,639	2,163
Total current assets	4,731,837	4,392,167
Capital assets	44,078	44,078
Accumulated amortization	(44,078)	(43,691)
Net capital assets	—	387
	4,731,837	4,392,554
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities [note 5]	432,637	484,706
Due to Bruyère Continuing Care Inc. [note 4]	264,675	—
Deferred revenue	—	2,000
Deferred research grants [note 6]	2,525,938	2,861,551
Total current liabilities	3,223,250	3,348,257
Net assets		
Invested in capital assets	—	387
Internally restricted [note 2]	275,000	225,000
Unrestricted	1,233,587	818,910
Total net assets	1,508,587	1,044,297
	4,731,837	4,392,554

See accompanying notes to the financial statements

On behalf of the Board:



Interim Chair: Dinis Cabral



Secretary: Heidi Sveistrup



STATEMENT OF OPERATIONS

Year ended March 31

	2017	2016
	\$	\$
REVENUE		
Research projects	5,256,274	5,314,394
Contributions from related parties <i>[note 4]</i>	987,256	757,514
Contributions from other sources	460,886	374,870
	6,704,416	6,446,778
EXPENSES		
Research projects	5,405,043	5,527,943
Research administrative salaries and benefits	556,835	595,752
Professional fees and other expenses	268,346	387,412
Equipment expense	9,515	12,774
Amortization of capital assets	387	388
	6,240,126	6,524,269
Excess (deficiency) of revenue over expenses	464,290	(77,491)

See accompanying notes to the financial statements



STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Invested in capital assets	Internally restricted	Unrestricted	2017	2016
	\$	\$	\$	\$	[Restated - Note 3] \$
Net assets, beginning of year	387	225,000	818,910	1,044,297	919,951
Prior year adjustment <i>[note 3]</i>	—	—	—	—	201,837
Net assets, beginning of year as restated	387	225,000	818,910	1,044,297	1,121,788
Excess (deficiency) of revenue over expenses	—	—	464,290	464,290	(77,491)
Amortization of capital assets	(387)	—	387	—	—
Transfer <i>[note 7]</i>	—	50,000	(50,000)	—	—
Net assets, end of year	—	275,000	1,233,587	1,508,587	1,044,297

See accompanying notes to the financial statements



STATEMENT OF CASH FLOWS

Year ended March 31

	2017 \$	2016 \$ [Restated - Note 3]
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	464,290	(77,491)
Add items not affecting cash		
Amortization of capital assets	387	388
	464,677	(77,103)
Changes in non-cash operating working capital items:		
Accounts receivable	(142,846)	188,034
Due from / to Bruyère Continuing Care Inc.	577,589	(294,148)
Research grants receivable	138,969	70,917
Deferred revenue	(2,000)	—
Prepaid expenses	(24,476)	15,677
Accounts payable and accrued liabilities	(52,069)	340,005
Deferred research grant	(335,613)	(154,122)
Cash provided by operating activities	624,231	89,260
Net increase in cash	624,231	89,260
Cash, beginning of year	3,610,521	3,521,261
Cash, end of year	4,234,752	3,610,521

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:

Equipment	5 to 10 years
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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

Cash	Fair value
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, 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. PRIOR YEAR ADJUSTMENT

During the year, The Research Institute has reclassified an accumulated reserve of \$201,837 which should have been recorded in revenue in the past fiscal years, as earned, but was instead recorded as deferred revenue. This resulted in a restatement of the prior period, whereby the 2015/16 deferred research grants have decreased by \$201,837. Accordingly, the April 1st, 2015 unrestricted net assets have increased by the same amount.

4. 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 \$817,460 [2016 - \$877,029] of which \$817,460 [2016 - \$747,612] was an unrestricted contribution for operations and \$nil [2016 - \$129,417] 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 [2016 - \$60,000], 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, 2017, \$264,675 was payable to Bruyère [2016 - \$312,914 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 \$342,999 [2016 - \$137,004] from the Foundation of which \$169,796 [2016 - \$9,902] was an unrestricted contribution for operations and \$173,203 [2016 - \$127,102] was for research projects.

Included in research grants receivable is \$nil [2016 - \$50,000] 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.

5. GOVERNMENT REMITTANCES

As at March 31, 2017, \$37,292 [2016 - \$40,701] of government remittances are included in accounts payable and accrued liabilities.



NOTES TO THE FINANCIAL STATEMENTS

6. DEFERRED RESEARCH GRANTS

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

	2017	2016
	\$	\$
Balance, beginning of year	2,861,551	3,217,510
Prior year adjustment <i>[note 3]</i>	—	(201,837)
Balance, beginning of year as restated	2,861,551	3,015,673
Grants received during the year	4,544,077	4,144,164
Research projects grants recognized during the year	(4,638,825)	(4,056,510)
Research project cancelled	—	(229,140)
Research project transfer to Ottawa Hospital Research Institute	(240,865)	—
Transfer to Bruyère	—	(12,636)
Balance, end of year	2,525,938	2,861,551

7. NET ASSETS

During the fiscal year, the Board of Directors approved to transfer \$50,000 from unrestricted to restricted net assets.

8. 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 \$37,649 [2016 - \$41,379] 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, 2016 indicated that HOOPP is fully funded.



NOTES TO THE FINANCIAL STATEMENTS

9. 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, 2017, 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.

