BRUYÈRE FOUNDATION INC.

FINANCIAL STATEMENTS

MARCH 31, 2022

Bruyère

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the Bruyère Foundation Inc. (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2022, and its results of operations, changes in fund balances 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. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements" section of*** our auditors' report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 generally accepted auditing standards 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 30, 2022

STATEMENT OF FINANCIAL POSITION

	March 31, 2022			March 31, 2021		
	General Fund $	Restricted Funds $	Total $	General Fund $	Restricted Funds $	Total $
ASSETS						
Current assets						
Cash and cash equivalent	**942,140**	**5,820,425**	**6,762,565**	1,897,302	4,371,084	6,268,386
Accounts receivable	**20,656**	—	**20,656**	16,532	—	16,532
Prepaid expenses	**51,683**	—	**51,683**	73,114	—	73,114
Due from Bruyère Continuing Care Inc. [*notes 3* and *4*]	**70,483**	—	**70,483**	247,148	—	247,148
	1,084,962	**5,820,425**	**6,905,387**	2,234,096	4,371,084	6,605,180
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities	**16,637**	—	**16,637**	91,540	—	91,540
Deferred revenue	**46,330**	—	**46,330**	22,040	—	22,040
Total current liabilities	**62,967**	—	**62,967**	113,580	—	113,580
Fund balances						
Externally Restricted	—	**2,456,699**	**2,456,699**	—	1,604,862	1,604,862
Internally Restricted *[note 5]*	—	**3,363,726**	**3,363,726**	—	2,766,222	2,766,222
General	**1,021,995**	—	**1,021,995**	2,120,516	—	2,120,516
Total fund balances	**1,021,995**	**5,820,425**	**6,842,420**	2,120,516	4,371,084	6,491,600
	1,084,962	**5,820,425**	**6,905,387**	2,234,096	4,371,084	6,605,180

contingent liability [note 8]

See accompanying notes to the financial statements

On behalf of the Board:

Chair: Daniel Fernandes

Treasurer: John Wright

Bruyère

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STATEMENT OF REVENUE AND EXPENSES

Year ended March 31

	2022			2021		
	General Fund $	Restricted Funds $	Total $	General Fund $	Restricted Funds $	Total $
REVENUE						
Donations	**2,283,583**	**3,068,072**	**5,351,655**	2,697,533	1,165,705	3,863,238
Lottery	**685,330**	—	**685,330**	340,230	—	340,230
Investment income	**48,347**	—	**48,347**	48,892	—	48,892
Re-allocation fee	**48,918**	**(48,918)**	—	18,669	(18,669)	—
Fundraising activities	**138,974**	**15,750**	**154,724**	144,562	21,630	166,192
	3,205,152	**3,034,904**	**6,240,056**	3,249,886	1,168,666	4,418,552
EXPENSES						
Salaries and wages	**1,055,323**	**192,539**	**1,247,862**	1,136,737	—	1,136,737
Employee benefits	**216,579**	**30,179**	**246,758**	222,092	—	222,092
Direct marketing expenses	**102,456**	—	**102,456**	63,433	454	63,887
Professional fees	**159,603**	—	**159,603**	85,216	4,620	89,836
Life insurance premium	**20,000**	—	**20,000**	18,971	1,029	20,000
Supplies and office expenses	**6,386**	—	**6,386**	5,949	323	6,272
Donor cultivation and recognition	**5,171**	—	**5,171**	9,516	516	10,032
Fundraising activities expenses	**15,081**	—	**15,081**	5,152	639	5,791
Lottery	**509,044**	—	**509,044**	240,955	—	240,955
Advertising	**330,529**	—	**330,529**	288,307	15,631	303,938
Bank charges	**27,643**	—	**27,643**	18,030	978	19,008
Public Relations	**3,495**	—	**3,495**	11,187	606	11,793
Software maintenance	**55,602**	—	**55,602**	11,699	634	12,333
Other expenses	**16,329**	—	**16,329**	30,088	1,631	31,719
	2,523,241	**222,718**	**2,745,959**	2,147,332	27,061	2,174,393
Excess of revenue (deficiency) over expenses, before distributions	**681,911**	**2,812,186**	**3,494,097**	1,102,554	1,141,605	2,244,159
Distributions	**985,914**	**2,032,092**	**3,018,006**	1,289,349	952,668	2,242,017
Distributions-in-kind	—	**125,271**	**125,271**	—	210,835	210,835
Excess of revenue (deficiency) over expenses and distributions	**(304,003)**	**654,823**	**350,820**	(186,795)	(21,898)	(208,693)

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUND BALANCES

Year ended March 31

	2022				2021
	General Fund	**Internally Restricted Fund**	**Externally Restricted Fund**	**Total**	**Total**
	$	**$**	**$**	**$**	**$**
Fund balances, beginning of year	**2,120,516**	**2,766,222**	**1,604,862**	**6,491,600**	6,700,293
Excess of revenue (deficiency) over expenses and distributions	**(304,003)**	**—**	**654,823**	**350,820**	(208,693)
Interfund transfer *[note 5]*	**(794,518)**	**597,504**	**197,014**	**—**	—
Fund balances, end of year	**1,021,995**	**3,363,726**	**2,456,699**	**6,842,420**	6,491,600

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2022 $	2021 $
OPERATING ACTIVITIES		
Excess of revenue (deficiency) over expenses and distributions	**350,820**	(208,693)
Changes in non-cash operating working capital items:		
Accounts receivable	**(4,124)**	25,115
Prepaid expenses	**21,431**	2,899
Due from / to Bruyère Continuing Care Inc.	**176,665**	(341,952)
Deferred revenue	**24,290**	2,315
Accounts payable and accrued liabilities	**(74,903)**	79,542
Cash provided (used in) by operating activities	**494,179**	(440,774)
Net increase in cash	**494,179**	(440,774)
Cash, beginning of year	**6,268,386**	6,709,160
Cash, end of year	**6,762,565**	6,268,386
Cash end of year, is comprised of		
Cash	**942,140**	1,897,302
Restricted cash and cash equivalent	**5,820,425**	4,371,084
Cash and cash equivalent end of year	**6,762,565**	6,268,386

See accompanying notes to the financial statements

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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 including gift-in-kinds are recognized as revenue when received. Pledges are not recorded until the donations are 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. [“Bruyère RI”].

Campaign expenses allocation

To better reflect the statement of revenue and expenses regarding the on-going campaign activities in the Restricted Fund, the Foundation transfers a portion of its general fund expenses to the restricted fund. As of March 31, 2021, the allocation was applied as follows: salaries and benefits were allocated based on the estimated percentage work for the campaign from each and individual employee. Direct mail and Fundraising activities expenses were allocated based on where the revenue is received and recognized. All other expenses [“general support expenses”] were allocated based on restricted campaign revenue over total revenue. Effective April 1, 2021, the Foundation only allocate salaries and benefits based on estimated percentage work for the campaign.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits

The Foundation is an employer member of the Healthcare of Ontario Pension Plan ["HOOPP"], which is a multi-employer defined benefit pension plan. Bruyère has adopted defined contribution plan accounting principles for the Plan because insufficient information is available to apply defined benefit plan accounting principles.

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 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

Bruyère, Bruyère RI and affiliated institutions and programs

Bruyère exercises significant influence over the Foundation and the Bruyère Research Institute Inc. ["Bruyère RI"], with the cross appointment of ex-officio board members as required by the by-laws of the individual corporations.

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 $2,334,370 [2021 - $1,035,169] to Bruyère, $672,361 [2021 - $1,030,960] to Bruyère RI and $11,275 [2021 - $175,887] to affiliated or associated institutions and programs. The Foundation also contributed distributions-in-kind of $125,271 [2021 - $210,835] to Bruyère consisting of medical supplies, life insurance policy and other gifts.

Bruyère provided the Foundation with financial, human resources and information systems services as well as occupation cost for a minimal charge of $52,300 [2021 - $51,804], 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, 2022, the Foundation has a receivable of $70,482 [2021 - $247,148].

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.

NOTES TO THE FINANCIAL STATEMENTS

3. RELATED PARTY TRANSACTIONS (continued)

Ottawa Hospitals Food Association [formerly Healthcare Food Services Inc.]

The Foundation and Ottawa Hospitals Food Association ["OHFA"] are related parties by virtue of both entities being related parties of Bruyère.

On May 13, 2019, the Board of Directors of Hospital Food Services Inc. ["HFS"] finalized the sale of substantially all of the assets of HFS to a third party purchaser. As unanimously agreed upon by the Member Hospitals and the Board of Directors of HFS, the net proceeds of the HFS sale were distributed to each of the member Hospital's respective foundations. Effective on the date of sale, HFS changed its operating name to Ottawa Hospitals Food Association ["OHFA"].

On June 11, 2021, the Board of Directors of OHFA approved a motion to distribute $2,700,000 [June 15, 2020 - $2,500,000] to the member hospital Foundation's based on their share. Under the terms of the contribution, the amount is to be used to benefit of the Hospital. The Bruyère Foundation's share of the distribution is 22.13%. During the fiscal year, the Foundation received a donation of $597,504 as of March 31, 2022 [2021 - $553,244], both recorded in unrestricted donations on the Statement of Operations.

4. GOVERNMENT REMITTANCES

Included in the due from Bruyère is $18,044 of government remittances [2021 - $39,248 in due to].

5. INTERFUND TRANSFERS

The Foundation restricted funds consist of on-going fundraising activities or campaigns as well as donor restricted gifts. The end of year fund balance of on-going fundraising activities or campaigns can vary from a deficit to a surplus position depending on the level of funds received compared to the effort invested. In the event of a fundraising activity or campaign being in a deficit position, once it is over, the General fund would cover such deficit. The Board of Directors approved to transfer $197,014 [2021 - $813,753] from the General Fund to the Restricted Fund.

During the year, the Board of Directors of the Foundation approved the transfer of the donation from the sale of OHFA [*see note 3*] to its internally restricted fund. The fund will be held for future use by the Hospital and distributed at their request.

NOTES TO THE FINANCIAL STATEMENTS

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. Contributions to HOOPP made during the year by the Foundation on behalf of its employees amounted to $87,085 [2021 - $79,492] 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, 2021 indicated HOOPP is fully funded.

7. FINANCIAL RISKS

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 is a level 1 financial instrument.

There were no transfers between levels for the year ended March 31, 2022.

Financial instrument risk management

Credit risk

Credit risk arises from the potential that a counterparty to an instrument will fail to perform its obligations.

7. FINANCIAL RISKS (continued)

The Foundation 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 within accounts receivable.

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.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet all cash flow obligations as they come due. The Foundation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and cash flow analysis.

Accounts payable and accrued liabilities and the due to Bruyère mature within one year.

Other than the liquidity risk related to COVID-19 as disclosed in *note 11*, 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.

The Foundation is not exposed to significant interest rate, other price risks or currency risks.

8. CONTINGENT LIABILITY

The Foundation is contingently liable under one letter of credit for a total of $91,000 [2021 – $91,000], automatically renewed with a notification of non-renewal of 30 days, related to a lottery license, which has been issued in the normal course of operations and was unused as at March 31, 2022 [2021 – $ nil].

9. 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, 2022, 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

10. ALLOCATION OF GENERAL SUPPORT EXPENSES

The Foundation allocated from its general fund into the restricted funds the following expenses:

	2022	2021
	$	**$**
Salaries and Wages	192,539	—
Benefits	30,179	—
Supplies and Office expenses	-	323
Professional Fees	-	4,620
Insurance	-	1,029
Donor Cultivation and Recognition	-	516
Advertising	-	15,631
Processing fees	-	978
Public Relations	-	606
Software maintenance	-	634
Other Expenses	-	1,631
	222,718	**25,968**

11. EFFECTS OF COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

The Foundation has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Suspended some of its fundraising activities;

- Redeployment of certain employees to Bruyère;

- The implementation of working from home requirements for certain employees.

As a result of these measures, the Foundation experienced a decrease in both operating revenues and expenditures during the fiscal year.