

Financial Statements of

**HEAD INJURY
REHABILITATION ONTARIO**

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Directors of Head injury Rehabilitation Ontario

Opinion

We have audited the financial statements of the Head Injury Rehabilitation Ontario (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the 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, 2020, and its results of 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. Our responsibility 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 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.



Responsibility 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.

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 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 risk 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, internal 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 purposes 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 the 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.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 25, 2020

HEAD INJURY REHABILITATION ONTARIO

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash and short-term deposits (note 2)	\$ 3,021,958	\$ 2,118,363
Accounts receivable	297,842	506,678
Prepaid expenses	70,351	83,981
	<u>3,390,151</u>	<u>2,709,022</u>
Capital assets (note 3)	576,484	709,774
Marketable securities (note 4)	580,525	864,307
	<u>\$ 4,547,160</u>	<u>\$ 4,283,103</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,233,382	\$ 1,461,073
Due to Ministry of Health (note 6)	999,354	440,664
Due to Local Health Integration Network (note 6)	36,300	36,300
Current portion of mortgage payable (note 7)	17,346	16,886
	<u>2,286,382</u>	<u>1,954,923</u>
Mortgage payable (note 7)	54,916	72,263
Deferred contributions (note 8):		
Expenses of future periods	29,983	28,170
Capital assets	445,854	560,578
	<u>475,837</u>	<u>588,748</u>
Net assets:		
Net assets invested in capital assets (note 9)	58,368	60,047
Unrestricted net assets	1,671,657	1,607,122
	<u>1,730,025</u>	<u>1,667,169</u>
Commitments (note 10)		
	<u>\$ 4,547,160</u>	<u>\$ 4,283,103</u>

See accompanying notes to financial statements.

On behalf of the Board

Jane Blume

Director

Sereh Lal

Director

HEAD INJURY REHABILITATION ONTARIO

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	Reserve Fund	Non-Government Fund	Fundraising and other Activities	Ministry of Health: Non-Profit Housing Fund	Ministry of Health Fund	Local Health Integration Network Fund	2020 Total	2019 Total
Revenue:								
Ministry of Health	\$ -	\$ -	\$ -	\$ -	\$ 9,247,729	\$ -	\$ 9,247,729	\$ 9,259,069
Local Health Integration Network	-	-	-	-	-	3,185,882	3,185,882	3,149,566
Ministry of Health – Non-Profit Housing	-	-	-	62,735	-	-	62,735	61,719
Hamilton Health Sciences Corporation	-	-	-	-	12,760	-	12,760	13,920
Recoveries of costs	-	-	-	-	330,055	86,604	416,659	453,233
Donations	-	6,183	-	-	777	200	7,160	71,181
Other fundraising	-	1,128	-	-	-	-	1,128	7,204
Grants	-	-	-	-	-	-	-	1,845
Interest	28,452	-	-	-	26,654	-	55,106	47,492
Fees	-	-	-	-	1,204,638	116,231	1,320,869	1,722,064
Rental, grocery and travel revenue	-	-	-	24,407	-	-	24,407	28,245
Amortization of deferred contributions related to capital assets	-	-	-	15,283	207,793	13,623	236,699	249,387
	28,452	7,311		102,425	11,030,346	3,402,600	14,571,134	15,064,925

HEAD INJURY REHABILITATION ONTARIO

Statement of Operations (continued)

Year ended March 31, 2020, with comparative information for 2019

	Reserve Fund	Fundraising and other Non-Government Activities	Ministry of Health: Non-Profit Housing Funds	Ministry of Health Fund	Local Health Integration Network Fund	2020 Total	2019 Total
Expenses:							
Salaries and wages	\$ -	\$ -	\$ 2,772	\$ 7,727,273	\$ 2,498,422	\$ 10,228,467	\$ 10,487,457
Benefits	-	-	420	1,490,662	460,018	1,951,100	1,967,362
Supplies	-	3,420	32,432	319,513	59,251	414,616	385,222
Travel, training and communications	-	61	4,500	325,816	92,576	422,953	482,079
Equipment	-	200	817	164,134	44,855	210,006	206,695
Contracted services	-	-	-	111,370	39,166	150,536	147,922
Buildings and grounds	-	-	29,314	642,433	203,588	875,335	907,358
Amortization	-	-	32,170	207,793	15,302	255,265	267,634
	-	3,681	102,425	10,988,994	3,413,178	14,508,278	14,851,729
Excess (deficiency) of revenue over expenses	\$ 28,452	\$ 3,630	\$ -	\$ 41,352	\$ (10,578)	\$ 62,856	\$ 213,196

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

2020	Invested in capital assets				Unrestricted net assets						2020 Total
	Ministry of Health Fund	Ministry of Health and Non-profit Housing Fund	Local Health Integration Network Fund	Reserve Fund	Ministry of Health Fund	Ministry of Health Non-Profit Housing Fund	Reserve Fund	Local Health Integration Network	Fundraising and other Non- Government Activities	Personalized Support Program	
Fund balance, beginning of year	\$ -	\$ -	\$ 5,560	\$ 54,487	\$ -	\$ -	\$ 1,454,974	\$ -	\$ 152,148	\$ -	\$ 1,667,169
Excess (deficiency) of revenue over expenses	-	-	(1,679)	-	41,352	-	28,452	(8,899)	3,630	-	62,856
Transfer	-	-	-	-	(41,352)	-	68,700	8,899	(36,247)	-	-
	\$ -	\$ -	\$ 3,881	\$ 54,487	\$ -	\$ -	\$ 1,552,126	\$ -	\$ 119,531	\$ -	\$ 1,730,025

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Changes in Net Assets (continued)

Year ended March 31, 2020, with comparative information for 2019

2019	Invested in capital assets				Unrestricted net assets							2019 Total
	Ministry of Health Fund	Ministry of Health and Non-profit Housing Fund	Local Health Integration Network Fund	Reserve Fund	Ministry of Health Fund	Ministry of Health Non-Profit Housing Fund	Reserve Fund	Local Health Integration Network	Fundraising and other Non- Government Activities	Personalized Support Program		
Fund balance, beginning of year	\$ -	\$ -	\$ 7,236	\$ 54,487	\$ 9	\$ -	\$ 1,285,873	\$ -	\$ 102,439	\$ 3,929	\$ 1,453,973	
Excess (deficiency) of revenue over expenses	-	-	(1,676)	-	138,650	-	26,513	-	49,709	-	213,196	
Transfer	-	-	-	-	(138,659)	-	142,588	-	-	(3,929)	-	
	\$ -	\$ -	\$ 5,560	\$ 54,487	\$ -	\$ -	\$ 1,454,974	\$ -	\$ 152,148	\$ -	\$ 1,667,169	

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 62,856	\$ 213,196
Item not involving cash:		
Amortization of capital assets	255,265	267,634
Amortization of deferred contributions related to capital assets	(236,699)	(249,387)
Change in non-cash working capital balances arising from operating activities:		
Decrease (increase) in accounts receivable	208,836	(131,199)
Increase in prepaid expenses	13,630	163,215
Decrease in accounts payable and accrued liabilities	(227,691)	(54,787)
Increase (decrease) in due to Ministry of Health	558,690	(384,986)
Increase in due to Local Health Integration Network	-	36,300
Increase in deferred contributions related to expenses of future periods	1,813	2,121
	636,700	(137,893)
Financing and investing activities:		
Purchase of capital assets	121,975	19,238
Purchase of capital assets funded by deferred contributions	(121,975)	(19,238)
Repayment of mortgage	(16,887)	(16,571)
Net sale (purchase) of marketable securities	283,782	(412,677)
	266,895	(429,248)
Increase (decrease) in cash and short-term deposits	903,595	(567,141)
Cash and short-term deposits, beginning of year	2,118,363	2,685,504
Cash and short-term deposits, end of year	\$ 3,021,958	\$ 2,118,363

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements

Year ended March 31, 2020

Head Injury Rehabilitation Ontario (formerly operating as Brain Injury Services of Hamilton) (the "Organization") is a registered charity providing for the temporary lodging and rehabilitation needs for those who have sustained brain injuries. The Organization is incorporated under the laws of Ontario and is a registered charity under the Income Tax Act (Canada).

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Canada Handbook. The Organization follows the deferral method of accounting for contributions.

(a) Revenue recognition:

Restricted contributions are recognized as revenue in the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collections is reasonably assured.

(b) Fund accounting:

Revenues and expenses related to the delivery of Outreach, Group and Residential Services at Transitional Living Services and the John Reesor Centre are reported in the Local Health Integration Network Fund.

Revenues and expenses related to the delivery of Residential Services at Cathy Wever Place, Elmhurst Place, Ravenda Place, Kenny House, Campden Heights and Outreach Services for Individualized Funded Clients are reported in the Ministry of Health Fund.

Revenues and expenses related to the operation of the John Reesor Centre are reported in the Ministry of Health: Non-Profit Housing Fund.

(c) Cash and short-term deposits:

Cash is defined as cash and short-term deposits with original maturity dates or liquidity features of less than 1 year. The Organization's short-term deposits are considered to be cash equivalents and are recorded at cost, which approximates current market value.

(d) Capital assets:

Capital assets are stated at cost and amortization is provided on the straight-line method commencing in the month of acquisition, at the following annual rates:

Asset	Rate
Computer equipment	33.3%
Furniture and other equipment	20%
Building and building improvements	2.5%
Vehicles	5 year straight-line
Leasehold improvements	3 - 15 years straight-line

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(e) Contributed services:

Volunteers contribute a significant number of hours per year to assist the Organization to carry out its service delivery activities. Due to the difficulty of determining their fair values, contributed services are not recognized in the financial statements.

(f) Income taxes:

The Organization is registered as a charitable organization without share capital under the Ontario Corporations Act. As such, the Organization is not liable for any federal or provincial income taxes under the provisions of the Income Tax Act (Canada).

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(i) Changes in accounting policies:

In March 2018, the Accounting Standards Board issued “*Basis for Conclusions- Accounting Standards Improvements for Not-for-Profit Organizations*” resulting in the introduction of three new handbook sections in the Accounting Standards for not-for-profits Part III of the Handbook as follows:

A. *Section 4433, Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of *Section 3061, Property Plant and Equipment* in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at April 1, 2019.

B. *Section 4434, Intangible assets held by not-for-profit organizations*, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset’s fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at April 1, 2019.

C. *Section 4441, Collections held by not-for-profit organizations*, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at April 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at April 1, 2019.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(i) Changes in accounting policies:

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019 and are applied on a prospective basis with exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment that existed on transition at April 1, 2019. The implementation of these changes had no impact on the financial statements.

2. Cash and short-term deposits:

Cash and short-term deposits is comprised of the following:

	Interest rate	Maturity date	Value at March 31, 2020
Cash	N/A	N/A	\$ 2,412,036
BNS long term redeemable GIC	2.70%	June 1, 2020	581,533
BNS cashable GIC	1.30%	May 27, 2020	28,389
Total cash and short-term deposits			\$ 3,021,958

At March 31, 2020, cash and short-term deposits was comprised of \$1,964,863 in cash and \$153,500 in similar short-term deposits.

3. Capital assets:

	March 31, 2020		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ -	\$ 76,471
Buildings	322,392	272,007	50,385
Building improvements	402,964	214,503	188,461
Furniture and equipment	260,650	230,858	29,792
Computer equipment	115,260	109,124	6,136
Leasehold improvements	1,743,251	1,611,314	131,937
Vehicles	405,553	312,251	93,302
	\$ 3,326,541	\$ 2,750,057	\$ 576,484

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

3. Capital assets (continued):

	March 31, 2019		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ -	\$ 76,471
Buildings	322,392	255,120	67,272
Building improvements	316,015	189,264	126,751
Furniture and equipment	251,108	220,865	30,243
Computer equipment	118,331	101,222	17,109
Leasehold improvements	1,717,765	1,458,951	258,814
Vehicles	405,553	272,439	133,114
	<u>\$ 3,207,635</u>	<u>\$ 2,497,861</u>	<u>\$ 709,774</u>

4. Marketable securities:

At the end of the year, the Organization held the following marketable securities:

	Interest rate	Maturity date	Value at March 31, 2020
BNS long term non-redeemable GIC	2.30%	May 27, 2022	\$ 280,220
BNS 5 year special rate GIC	2.20%	Aug 15, 2022	162,566
BNS 5 year special rate GIC	2.75%	Apr 12, 2023	137,739
Total marketable securities			<u>\$ 580,525</u>

At March 31, 2019, marketable securities is comprised of \$864,307 held in three GIC's bearing interest at annual rates of 2.70%, 2.20% and 2.75%.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$163,402 (2019 - \$243,950), which includes amounts payable for payroll related taxes.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

6. Due to Ministry of Health and Local Health Integration Network:

These liabilities represent undistributed restricted Ministry of Health and Local Health Integration Network funds.

7. Mortgage payable:

	2020	2019
Long-term portion of mortgage payable	\$ 54,916	\$ 72,263
Current portion of mortgage payable	17,346	16,886
Total mortgage payable	\$ 72,262	\$ 89,149

The mortgage payable bears interest at a rate of 2.7% per annum and is repayable in monthly blended installments of \$1,589. The mortgage is due on April 1, 2024 and is insured by the Canada Mortgage and Housing Corporation. The mortgage is secured by the John Ressor Centre (net book value of \$238,847). The fair market value of the mortgage is approximately \$69,300 (2019 - \$83,900).

8. Deferred contributions:

(a) Expenses of future periods:

As required by the Ministry of Health Non-Profit Housing, the Organization has a replacement reserve fund to cover the cost of worn-out capital equipment, chattels or other items at the John Reesor Centre. Any expenditures from this fund require prior Ministry of Health approval. Deferred contributions related to expenses of future periods represent the balance in the replacement reserve fund.

	2020	2019
Balance, beginning of year	\$ 28,170	\$ 26,049
Add: amount received related to future periods	1,813	2,121
	\$ 29,983	\$ 28,170

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Deferred contributions (continued):

(b) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of Ministry of Health funding and fees received for the purchase of capital assets.

	2020	2019
Balance, beginning of year	\$ 560,578	\$ 790,727
Add: amount received related to future periods - Ministry of Health	121,975	19,238
Add: amount received related to future periods - Local Health Integration Network	-	-
Less: amounts amortized to revenue	(236,699)	(249,387)
	\$ 445,854	\$ 560,578

9. Net assets invested in capital assets:

Net assets invested in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 576,484	\$ 709,774
Amounts financed by deferred contributions	(445,854)	(560,578)
Amounts financed by debt	(72,262)	(89,149)
	\$ 58,368	\$ 60,047

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

9. Net assets invested in capital assets (continued):

Change in net assets invested in capital assets is calculated as follows:

	2020	2019
Deficiency of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 236,699	\$ 249,387
Amortization of capital assets	(255,265)	(267,634)
	(18,566)	(18,247)
Net change in invested in capital assets:		
Purchase of capital assets	121,975	19,238
Amounts funded by deferred contributions	(121,975)	(19,238)
Repayment of long-term debt	16,887	16,571
	16,887	16,571
	\$ (1,679)	\$ (1,676)

10. Commitments:

Future minimum payments under operating leases for the Organization's premises and other equipment with remaining non-cancellable terms in excess of one year are as follows:

2021	\$ 679,999
2022	639,485
2023	636,280
2024	383,856
2025	315,556
Thereafter	1,422,391
	\$ 4,077,567

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

11. Financial instruments:

(a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

As all of the Organization's short-term deposits are carried at fair value with fair value changes recognized in the statement of financial position, all changes in market conditions will directly affect the financial position of the Organization.

Market price risk is managed by the Organization through construction of a low risk portfolio of instruments consisting of GIC's.

There has been no change in this risk from 2019.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change in this risk from 2019.

12. Subsequent event:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

At the time of approval of these financial statements, the Organization has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Closure of facilities to the general public
- Enhanced infection prevention and control measures including screening, physical distancing, increased use of personal protective equipment and increased cleaning;
- Revisions to services in order to limit the potential for transmission within the Organization; and
- The implementation of working from home requirements and virtual appointments for certain programs

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2020

12. Subsequent event (continued):

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. Management determined that such financial and economic market uncertainty has continued subsequent to the financial statements date and the assets and liabilities of the Organization as at March 31, 2020 were not adjusted to reflect the future impact of COVID-19. Given the outcome and timeframe to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect at this time.