

Financial Statements of

**HEAD INJURY
REHABILITATION ONTARIO**

And Independent Auditor's Report thereon

Year ended March 31, 2023



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 28, 2023

HEAD INJURY REHABILITATION ONTARIO

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 3,953,045	\$ 3,097,323
Accounts receivable	394,464	397,967
Prepaid expenses	85,372	78,927
Due from Ontario Health	-	1,926
Marketable securities (note 3)	2,035,107	-
	<u>6,467,988</u>	<u>3,576,143</u>
Capital assets (note 2)	366,690	507,796
Marketable securities (note 3)	-	1,743,664
	<u>\$ 6,834,678</u>	<u>\$ 5,827,603</u>

Liabilities and Fund Balances

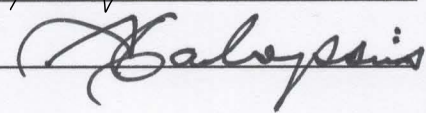
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 1,381,167	\$ 1,430,575
Due to Ministry of Health (note 5)	2,480,711	1,720,398
Due to Ontario Health (note 5)	60,792	-
Current portion of mortgage payable (note 6)	18,798	18,301
	<u>3,941,468</u>	<u>3,169,274</u>
Mortgage payable (note 6)	-	18,798
Deferred contributions (note 7):		
Expenses of future periods	16,852	2,341
Capital assets	293,405	415,683
	<u>310,257</u>	<u>418,024</u>
Net assets:		
Net assets invested in capital assets (note 8)	54,487	55,014
Unrestricted net assets	2,528,466	2,166,493
	<u>2,582,953</u>	<u>2,221,507</u>
Commitments (note 9)		
Contingencies (note 12)		
	<u>\$ 6,834,678</u>	<u>\$ 5,827,603</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

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HEAD INJURY REHABILITATION ONTARIO

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	Reserve Fund	Other Activities	Ministry of Health: Non-Profit Housing Fund	Ministry of Health Fund	Ontario Health Fund	2023 Total	2022 Total
Revenue:							
Ministry of Health	\$ -	\$ -	\$ -	\$ 10,093,052	\$ -	\$ 10,093,052	\$ 9,993,536
Ontario Health	-	-	-	-	3,436,906	3,436,906	3,426,742
Ministry of Health – Non-Profit Housing	-	-	63,738	-	-	63,738	76,906
Recoveries of costs	-	-	-	393,084	101,202	494,286	436,346
Donations	-	43,039	-	10,857	13,771	67,667	70,864
Interest	49,879	-	-	29,248	-	79,127	22,673
Fees	-	-	-	1,161,238	28,758	1,189,996	1,027,823
Rental, grocery and travel revenue	-	-	24,364	-	-	24,364	23,085
Amortization of deferred contributions related to capital assets	-	-	20,256	123,786	14,971	159,013	147,710
	\$ 49,879	\$ 43,039	\$ 108,358	\$ 11,811,265	\$ 3,595,608	\$ 15,608,149	\$ 15,225,685

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Operations (continued)

Year ended March 31, 2023, with comparative information for 2022

	Reserve Fund	Other Activities	Ministry of Health: Non- Profit Housing Funds	Ministry of Health Fund	Ontario Health Fund	2023 Total	2022 Total
Expenses:							
Salaries and wages	\$ -	\$ -	\$ -	\$ 8,291,845	\$ 2,629,950	\$ 10,921,795	\$ 10,692,339
Benefits	-	-	-	1,610,385	521,216	2,131,601	2,092,957
Supplies	-	-	37,961	300,206	53,080	391,247	477,990
Travel, training and communications	-	209	3,700	244,936	89,967	338,812	285,950
Equipment	-	736	1,360	153,924	38,607	194,627	256,900
Contracted services	-	-	-	130,926	44,698	175,624	177,536
Buildings and grounds	-	-	26,780	685,257	203,119	915,156	909,243
Amortization	-	-	38,557	123,786	15,498	177,841	167,205
	-	945	108,358	11,541,265	3,596,135	15,246,703	15,060,120
Excess (deficiency) of revenue over expenses	\$ 49,879	\$ 42,094	\$ -	\$ 270,000	\$ (527)	\$ 361,446	\$ 165,565

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Changes in Net Assets

Year ended March 31, 2023, with comparative information for 2022

2023	Invested in capital assets				Unrestricted net assets						2023 Total
	Ministry of Health Fund	Ministry of Health and Non-profit Housing Fund	Ontario Health Fund	Reserve Fund	Ministry of Health Fund	Ministry of Health Non-Profit Housing Fund	Reserve Fund	Ontario Health	Other Activities	Personalized Support Program	
Fund balance, beginning of year	\$ -	\$ -	\$ 527	\$ 54,487	\$ -	\$ -	\$ 2,039,332	\$ -	\$ 127,161	\$ -	\$ 2,221,507
Excess (deficiency) of revenue over expenses	-	-	(527)	-	270,000	-	49,879	-	42,094	-	361,446
Transfer	-	-	-	-	(270,000)	-	270,000	-	-	-	-
	\$ -	\$ -	\$ -	\$ 54,487	\$ -	\$ -	\$ 2,359,211	\$ -	\$ 169,255	\$ -	\$ 2,582,953

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Changes in Net Assets (continued)

Year ended March 31, 2023, with comparative information for 2022

2022	Invested in capital assets				Unrestricted net assets							2022 Total
	Ministry of Health Fund	Ministry of Health and Non-profit Housing Fund	Ontario Health Fund	Reserve Fund	Ministry of Health Fund	Ministry of Health Non-Profit Housing Fund	Reserve Fund	Ontario Health	Other Activities	Personalized Support Program		
Fund balance, beginning of year	\$ -	\$ -	\$ 2,205	\$ 54,487	\$ -	\$ -	\$ 1,870,988	\$ -	\$ 128,262	\$ -	\$ 2,055,942	
Excess (deficiency) of revenue over expenses	-	(17,817)	(1,678)	-	150,000	17,817	18,344	-	(1,101)	-	165,565	
Transfer	-	17,817	-	-	(150,000)	(17,817)	150,000	-	-	-	-	
	\$ -	\$ -	\$ 527	\$ 54,487	\$ -	\$ -	\$ 2,039,332	\$ -	\$ 127,161	\$ -	\$ 2,221,507	

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 361,446	\$ 165,565
Item not involving cash:		
Amortization of capital assets	177,841	167,205
Amortization of deferred contributions related to capital assets	(159,013)	(147,710)
Change in non-cash working capital balances arising from operating activities:		
Decrease (increase) in accounts receivable	3,503	(88,632)
Increase (decrease) in prepaid expenses	(6,445)	4,474
Increase in accounts payable and accrued liabilities	(49,408)	14,257
Increase in due to Ministry of Health	760,313	108,539
Increase (decrease) in due to Ontario Health	62,718	(44,643)
Increase (decrease) in deferred contributions related to expenses of future periods	14,511	(29,292)
	1,165,466	149,763
Financing and investing activities:		
Purchase of capital assets	36,735	188,791
Purchase of capital assets funded by deferred contributions	(36,735)	(188,791)
Repayment of mortgage	(18,301)	(17,817)
Net purchase of marketable securities	(291,443)	(1,149,330)
	(309,744)	(1,167,147)
Increase in cash and short-term deposits	855,722	(1,017,384)
Cash and short-term deposits, beginning of year	3,097,323	4,114,707
Cash and short-term deposits, end of year	\$ 3,953,045	\$ 3,097,323

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements

Year ended March 31, 2023

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 Ontario Health 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, 2023

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, 2023

2. Capital assets:

	March 31, 2023		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ –	\$ 76,471
Buildings	322,392	322,392	–
Building improvements	521,280	446,678	74,602
Furniture and equipment	309,047	260,224	48,823
Computer equipment	111,864	111,864	–
Leasehold improvements	1,889,810	1,723,016	166,794
Vehicles	365,225	365,225	–
	\$ 3,596,089	\$ 3,229,399	\$ 366,690

	March 31, 2022		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ –	\$ 76,471
Buildings	322,392	307,169	15,223
Building improvements	521,280	362,554	158,726
Furniture and equipment	289,011	245,307	43,704
Computer equipment	111,864	111,864	–
Leasehold improvements	1,873,112	1,688,696	184,416
Vehicles	405,551	376,295	29,256
	\$ 3,599,681	\$ 3,091,885	\$ 507,796

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Marketable securities:

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

	Interest rate	Maturity date	Value at March 31, 2023
BNS 5 year special rate GIC	2.75%	Apr 12, 2023	\$ 149,538
RBC one year cashable GIC	5.00%	May 7, 2023	1,070,568
RBC one year cashable GIC	4.35%	February 6, 2024	815,000
Total marketable securities			\$ 2,035,107

At March 31, 2022, marketable securities was comprised of \$1,743,664 held in five GIC's bearing interest at annual rates between 0.35% and 2.75%.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$184,968 (2022 - \$188,837), which includes amounts payable for payroll related taxes.

5. Due to Ministry of Health and Ontario Health:

These liabilities represent undistributed restricted Ministry of Health and Ontario Health funds.

6. Mortgage payable:

	2023	2022
Long-term portion of mortgage payable	\$ –	\$ 18,798
Current portion of mortgage payable	18,798	18,301
Total mortgage payable	\$ 18,798	\$ 37,099

The mortgage payable bears interest at a rate of 2.70% 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 \$91,694). The fair market value of the mortgage is approximately \$18,500 (2022 - \$36,500).

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. 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.

	2023	2022
Balance, beginning of year	\$ 2,341	\$ 31,633
Add: amount received related to future periods	14,511	1,586
Less: amount utilized in the period	–	(30,878)
	<u>\$ 16,852</u>	<u>\$ 2,341</u>

(b) Capital assets:

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

	2023	2022
Balance, beginning of year	\$ 415,683	\$ 374,602
Add: amount received related to future periods - Ministry of Health and Ontario Health	36,735	188,791
Less: amounts amortized to revenue	(159,013)	(147,710)
	<u>\$ 293,405</u>	<u>\$ 415,683</u>

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2023

8. Net assets invested in capital assets:

Net assets invested in capital assets is calculated as follows:

	2023	2022
Capital assets	\$ 366,690	\$ 507,796
Amounts financed by deferred contributions	(293,405)	(415,683)
Amounts financed by debt	(18,798)	(37,099)
	\$ 54,487	\$ 55,014

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

	2023	2022
Deficiency of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 159,013	\$ 147,710
Amortization of capital assets	(177,841)	(167,205)
	(18,828)	(19,495)
Net change in invested in capital assets:		
Purchase of capital assets	36,735	188,791
Amounts funded by deferred contributions	(36,735)	(188,791)
Repayment of long-term debt	18,301	17,817
	18,301	17,817
	\$ (527)	\$ (1,678)

9. 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:

2024	\$ 613,964
2025	583,170
2026	585,554
2027	543,073
2028	542,046
Thereafter	908,802
	\$ 3,776,609

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2023

10. Related entities:

Brain Injury Services of Hamilton Foundation Inc. (the "Foundation") are related entities without share capital incorporated under the laws of Ontario. The Foundation is independent but supports the Organization through volunteer groups involved in fund-raising through ancillary operations.

During the year, the Foundation provided donations totaling \$55,000 (2022 - \$64,166). These donations are used for operating expenses and have been recorded in donation revenue at year end.

As the Organization does not control the Foundation, their results are not included in these financial statements.

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 2022.

(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 2022.

12. Contingencies:

During the normal course of operations, certain employment related claims exist against the Organization. Management does not expect the claims to have a material impact on the financial position or operating results of the Organization.