

Financial Statements of

**BRAIN INJURY SERVICES OF  
HAMILTON**

Year ended March 31, 2008



**KPMG LLP**  
**Chartered Accountants**  
Box 976  
Suite 700 21 King Street West  
Hamilton ON L8N 2R1  
Canada

Telephone (905) 523-8200  
Telefax (905) 523-2222  
[www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT TO THE BOARD OF DIRECTORS**

We have audited the statement of financial position of Brain Injury Services of Hamilton as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Entity's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Accountants, Licensed Public Accountants

Hamilton, Canada  
May 30, 2008

# BRAIN INJURY SERVICES OF HAMILTON

## Statement of Financial Position

March 31, 2008, with comparative figures for 2007

	2008	2007
<b>Assets</b>		
Current assets:		
Cash and short-term deposits	\$ 367,437	\$ 909,187
Accounts receivable (note 3)	258,579	209,524
Prepaid expenses	77,359	51,959
	<u>703,375</u>	<u>1,170,670</u>
Capital assets (note 4)	992,079	1,018,045
	<u>\$ 1,695,454</u>	<u>\$ 2,188,715</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 647,988	\$ 685,090
Due to Ministry of Health and Long-Term Care	8,194	119,354
Current portion of mortgage payable (note 5)	9,578	8,976
	<u>665,760</u>	<u>813,420</u>
Mortgage payable (note 5)	237,004	246,582
Deferred contributions (note 6):		
Deferred Ministry of Health and Long-Term Care funding	-	155,597
Expenses of future periods	19,210	19,219
Capital assets	653,819	658,304
Deferred non-government revenue	-	312
	<u>673,029</u>	<u>833,432</u>
Net assets:		
Net assets invested in capital assets (note 7)	91,678	104,183
Unrestricted net assets	27,983	191,098
	<u>119,661</u>	<u>295,281</u>
Commitments (note 8)		
Contingencies (note 9)		
	<u>\$ 1,695,454</u>	<u>\$ 2,188,715</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# BRAIN INJURY SERVICES OF HAMILTON

## Statement of Operations

Year ended March 31, 2008, with comparative figures for 2007

	March 31, 2008							March 31, 2007	
	Reserve Fund	Fundraising and other Non-Government Activities	Ministry of Health: Non-Profit Housing Funds	Ministry of Health Fund	Local Health Integration Network Funds	Personalized Support Services	Total	Total	
Ministry of Health and Long-Term Care	\$ -	\$ -	\$ -	\$ 6,114,430	\$ -	\$ -	\$ 6,114,430	\$ 5,070,568	
Local Health Integration Network	-	-	-	-	2,021,526	-	2,021,526	-	
Ministry of Health - Non-Profit Housing	-	-	48,043	-	-	-	48,043	46,845	
Hamilton Health Sciences Corporation	-	-	-	-	-	60,220	60,220	18,120	
Ministry of Health and Long-Term Care - One Time	-	-	-	-	-	-	-	344,403	
Realization of deferred funds	-	-	-	73,568	-	-	73,568	548,664	
Donations	-	1,065	-	-	-	-	1,065	3,681	
Conference revenues	-	7,780	-	-	-	-	7,780	8,125	
Other fundraising	-	6,216	-	-	-	-	6,216	4,102	
Grants	-	-	-	-	4,526	-	4,526	7,699	
Interest	3,477	-	-	-	15,291	-	18,768	28,431	
Fees	17,760	-	-	610,098	181,407	12,000	821,265	559,426	
Rental, grocery and travel revenue	-	-	31,920	226,820	-	-	258,740	127,361	
Amortization of deferred contributions related to capital assets	-	-	4,710	85,861	-	-	90,571	64,772	
	21,237	15,061	84,673	7,110,777	2,222,750	72,220	9,526,718	3,832,197	

# BRAIN INJURY SERVICES OF HAMILTON

Statement of Operations (continued)

Year ended March 31, 2008, with comparative figures for 2007

	March 31, 2008						March 31, 2007	
	Reserve Fund	Fundraising and other Non-Government Activities	Ministry of Health: Non-Profit Housing Funds	Ministry of Health Fund	Local Health Integration Network Funds	Personalized Support Services	Total	Total
Salaries and wages	35,567	-	2,772	5,130,084	1,578,646	64,013	6,811,082	4,614,640
Benefits	-	-	420	883,418	281,239	3,184	1,168,261	714,176
Supplies	-	8,112	28,981	263,723	33,181	2,900	336,897	621,411
Travel, training and communications	-	1,594	4,200	373,981	144,311	1,123	525,209	348,384
Equipment	-	-	865	44,073	18,646	1,000	64,584	57,055
Contracted services	-	-	-	50,610	103,008	-	153,618	116,197
Buildings and grounds	-	4,165	33,725	272,424	63,719	-	374,033	268,432
Amortization	2,551	-	13,686	102,417	-	-	118,654	91,271
	38,118	13,871	84,649	7,120,730	2,222,750	72,220	9,552,338	6,831,566
Excess (deficiency) of revenue over expenditures	\$ (16,881)	\$ 1,190	\$ 24	\$ (9,953)	\$ -	\$ -	\$ (25,620)	\$ 631

See accompanying notes to financial statements.

# BRAIN INJURY SERVICES OF HAMILTON

## Statement of Changes in Net Assets

Year ended March 31, 2008, with comparative figures for 2007

	Invested in capital assets			Unrestricted Fund						2008	2007
	Ministry of Health Fund	Ministry of Health and Non-Profit Housing 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	Total	Total
Fund balance, beginning of year	\$ 47,040	\$ -	\$ 57,143	\$ 9,714	\$ 702	\$ 171,160	\$ -	\$ 5,593	\$ 3,929	\$ 295,281	\$ 290,595
Excess (deficiency) of revenue over expenditures for the year	(16,556)	(8,976)	(2,551)	6,603	9,000	(14,330)	-	1,190	-	(25,620)	631
Net change in investment in capital assets	6,602	8,976	-	(6,602)	(8,976)	-	-	-	-	-	-
Transferred to Foundation	-	-	-	-	-	(150,000)	-	-	-	(150,000)	-
Transfer	-	-	-	(9,705)	-	9,705	-	-	-	-	-
Recovery of previous deficiency	-	-	-	-	-	-	-	-	-	-	4,055
	\$ 37,086	\$ -	\$ 54,592	\$ 10	\$ 726	\$ 16,535	\$ -	\$ 6,783	\$ 3,929	\$ 119,661	\$ 295,281

See accompanying notes to financial statements.

# BRAIN INJURY SERVICES OF HAMILTON

## Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ (25,620)	\$ 631
Items not involving cash:		
Amortization of capital assets	118,654	91,271
Amortization of deferred contributions related to capital assets	(90,571)	(64,772)
Change in non-cash working capital balances arising from operating activities:		
Accounts receivable	(49,055)	(158,626)
Prepaid expenses	(25,400)	(2,247)
Accounts payable and accrued liabilities	(37,102)	276,106
Due to Ministry of Health and Long-Term Care	(111,160)	119,354
Decrease in deferred contributions related to expenses of future periods	(155,918)	(517,791)
Recovery of previous deficiency	-	4,055
	(376,172)	(252,019)
Financing and investing activities:		
Purchase of capital assets	(92,688)	(528,507)
Amounts funded by deferred contributions	86,086	517,962
Mortgage payable	(8,976)	(8,499)
Transfer to Foundation (note 11)	(150,000)	-
	(165,578)	(19,044)
Decrease in cash during the year	(541,750)	(271,063)
Cash and short-term deposits, beginning of year	909,187	1,180,250
Cash and short-term deposits, end of year	\$ 367,437	\$ 909,187

See accompanying notes to financial statements.

# BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2008

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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 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, Tamarack Place, Brimley Place, Secord Place and York Place 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.

Revenues and expenses related to the Personalized Support Program are reported in the Personalized Support Program Fund.

### (c) Cash and short-term deposits:

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

# BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 1. Significant accounting policies (continued):

### (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

### (e) Contributed services:

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

### (f) Income taxes:

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

### (g) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the year. Actual results could differ from those estimates.

### (h) Future accounting policy changes:

The Canadian Institute of Chartered Accountants ("CICA") has issued two new standards, 3862 "*Financial Instruments - Disclosures*" and 3863 "*Financial Instruments - Presentation*". The new standards are intended to enhance the ability of users of the financial statements to better evaluate the significance of financial instruments to the Organization, related exposures, and the management of these risks.

# BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 1. Significant accounting policies (continued):

### (h) Future accounting policy changes (continued):

The CICA has also issued a new accounting standard, 1535 "Capital Disclosures", which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Organization's objectives, policies and processes for managing capital.

These changes in accounting policies will be adopted effective April 1, 2008 and will only require additional note disclosure in the financial statements.

## 2. Change in accounting policy:

Effective April 1, 2007, the Organization adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 "Financial Instruments - Recognition and Measurement" and 3861 "Financial Instruments – Presentation and Disclosure". Under the new standards, all financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets are classified as either "held-for-trading", "held-to-maturity", "available-for-sale" or "loans and receivables" and financial liabilities are classified as either "held-for-trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recorded in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. Available-for-sale financial assets that have a quoted price in an active market are measured at fair value with changes in fair value recorded in deferred contributions if the investment is externally restricted and in changes in net assets if the investment is not externally restricted. Such gains or losses are reclassified to the statement of operations when the related financial asset is disposed of or when the decline in value is considered to be other-than-temporary.

The Organization has classified its financial instruments as follows:

- Cash and short term deposits are classified as held-for-trading.
- Accounts receivable are classified as loans and receivables.
- Accounts payable and accrued liabilities, due to Ministry of Health and Long-Term Care and current and long-term mortgage payable are classified as other liabilities.

The change in the accounting policy is treated prospectively as required under the standard. There was no effect on the opening net assets at April 1, 2007.

# BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2008

## 3. Accounts receivable:

	2008		2007	
Step-up program	\$	182,295	\$	150,623
Other		76,284		58,901
	\$	258,579	\$	209,524

## 4. Capital assets:

	2008		2007	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 76,471	\$ -	\$ 76,471	\$ 76,471
Buildings	322,392	97,687	224,705	233,681
Building improvements	123,239	44,142	79,097	84,672
Furniture and fixtures	6,949	6,949	-	-
Computer equipment	34,340	31,192	3,148	4,721
Leasehold improvements	754,318	231,397	522,921	583,826
Equipment	32,924	28,873	4,051	1,612
Vehicles	137,852	56,166	81,686	33,062
	\$ 1,488,485	\$ 496,406	\$ 992,079	\$ 1,018,045

# BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2008

## 5. Mortgage payable:

	2008	2007
Long-term portion of mortgage payable	\$ 237,004	\$ 246,582
Current portion of mortgage payable	9,578	8,976
<b>Total mortgage payable</b>	<b>\$ 246,582</b>	<b>\$ 255,558</b>

The mortgage payable bears interest at a rate of 5.88% per annum and is repayable in monthly blended installments of \$1,969. The mortgage is due on April 1, 2009 and is insured by the Canada Mortgage and Housing Corporation. The mortgage is secured by the John Ressor Centre (net book value of \$301,176).

## 6. Deferred contributions:

(a) Deferred Ministry of Health and Long-Term Care:

	2008	2007
Balance, beginning of year	\$ 155,597	\$ 659,824
Additional contributions received	-	155,597
Less amount spent in the year	(73,568)	(548,664)
Less amount due to Ministry of Health and Long-Term Care	-	(111,160)
Less amount transferred to capital	(82,029)	-
	<b>\$ -</b>	<b>\$ 155,597</b>

In the prior year the Organization received \$500,000 from the Ministry of Health and Long-Term Care for new projects in the Niagara Region. The Organization spent \$155,597 (2007 - \$344,403) on start up costs for new services including a new vehicle, capital improvements and other start up costs.

# BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2008

## 6. Deferred contributions (continued):

### (b) 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.

	2008	2007
Balance, beginning of year	\$ 19,219	\$ 25,537
Add amount received related to future periods	4,048	4,497
Less amounts spent in the year	-	(10,815)
Less amount transferred to capital	(4,057)	-
	\$ 19,210	\$ 19,219

### (c) Capital assets:

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

	2008	2007
Balance, beginning of year	\$ 658,304	\$ 205,114
Add amount received related to future periods	-	517,962
Add transfer from deferred contributions	82,029	-
Add transfer from expenses of future periods	4,057	-
Less amounts amortized to revenue	(90,571)	(64,772)
	\$ 653,819	\$ 658,304

### (d) Deferred non-government revenue:

Deferred non-government revenue represents funds received during the year that were unspent at March 31, 2008.

# BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 7. Net assets invested in capital assets:

Investment in capital assets is calculated as follows:

	2008	2007
Capital assets	\$ 992,079	\$ 1,018,045
Amounts financed by deferred contributions	(653,819)	(658,304)
Amounts financed by debt	(246,582)	(255,558)
	\$ 91,678	\$ 104,183

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

	2008	2007
Excess of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 90,571	\$ 64,772
Amortization of capital assets	(118,654)	(91,271)
	(28,083)	(26,499)
Net change in investment in capital assets:		
Purchase of capital assets	92,688	528,507
Amounts funded by deferred contributions	(86,086)	(517,962)
Repayment of long-term debt	8,976	8,499
	15,578	19,044
	\$ (12,505)	\$ (7,455)

# BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 8. 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:

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2009	\$	329,059
2010		234,939
2011		199,998
2012		200,770
2013		207,185
Thereafter		1,320,822
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	\$	2,492,773

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## 9. Contingencies:

The Organization has been named a defendant in a legal action in the amount of \$700,000. The outcome of this claim is not determinable and accordingly no provision for losses has been reflected in the financial statements of the Organization.

## 10. Fair value of financial assets and financial liabilities:

All financial assets and financial liabilities are recorded at amounts which approximate their fair market value.

## 11. Transfer to Foundation:

During the year, \$150,000 was transferred to the Brain Injury Services of Hamilton Foundation.

## 12. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial presentation adopted for the current year.