

Financial Statements of

**BRAIN INJURY SERVICES OF
HAMILTON**

Year ended March 31, 2018



KPMG LLP
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Canada

INDEPENDENT AUDITORS' REPORT

To the Directors of Brain Injury Services of Hamilton

We have audited the accompanying financial statements of Brain Injury Services of Hamilton, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets, and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brain Injury Services of Hamilton as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 20, 2018

BRAIN INJURY SERVICES OF HAMILTON

Statement of Financial Position

March 31, 2018, with comparative information for 2017


	2018	2017
Assets		
Current assets:		
Cash and short-term deposits (note 2)	\$ 2,685,504	\$ 2,382,877
Accounts receivable (note 3)	375,479	784,513
Prepaid expenses	247,196	78,440
	<u>3,308,179</u>	<u>3,245,830</u>
Capital assets (note 4)	958,170	944,122
Marketable securities (note 5)	451,630	288,270
	<u>\$ 4,717,979</u>	<u>\$ 4,478,222</u>

Liabilities and Fund Balances


Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 1,515,860	\$ 1,177,730
Due to Ministry of Health and Long-Term Care (note 7)	825,650	1,402,163
Current portion of mortgage payable (note 8)	16,571	16,175
	<u>2,358,081</u>	<u>2,596,068</u>
Mortgage payable (note 8)	89,149	105,720
Deferred contributions (note 9):		
Expenses of future periods	26,049	23,267
Capital assets	790,727	758,828
	<u>816,776</u>	<u>782,095</u>
Net assets:		
Net assets invested in capital assets (note 10)	61,723	63,399
Unrestricted net assets	1,392,250	930,940
	<u>1,453,973</u>	<u>994,339</u>
Commitments (note 11)		
	<u>\$ 4,717,979</u>	<u>\$ 4,478,222</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, 2018, with comparative information for 2017

	Reserve Fund	Fundraising and other Non-Government Activities	Ministry of Health: Non-Profit Housing Fund	Ministry of Health Fund	Local Health Integration Network Fund	Personalized Support Services	2018 Total	2017 Total
Revenue:								
Ministry of Health and Long-Term Care	\$ -	\$ -	\$ -	\$ 9,249,734	\$ -	\$ -	\$ 9,249,734	\$ 9,236,800
Local Health Integration Network	-	-	-	-	3,190,882	-	3,190,882	3,185,882
Ministry of Health – Non-Profit Housing	-	-	59,339	-	-	-	59,339	58,496
Hamilton Health Sciences Corporation	-	-	-	-	-	13,920	13,920	56,020
Recoveries of costs	-	-	-	326,711	86,604	-	413,315	429,083
Donations	-	1,881	-	864	306	-	3,051	860
Other fundraising	-	16,455	-	-	-	-	16,455	31,843
Interest	10,414	-	-	23,913	-	-	34,327	10,828
Fees	-	-	-	1,495,388	286,301	-	1,781,689	2,096,750
Rental, grocery and travel revenue	-	-	24,857	-	-	-	24,857	25,151
Amortization of deferred contributions related to capital assets	-	-	15,282	174,358	16,940	-	206,580	193,869
	10,414	18,336	99,478	11,270,968	3,581,033	13,920	14,994,149	15,325,582

BRAIN INJURY SERVICES OF HAMILTON

Statement of Operations (continued)

Year ended March 31, 2018, with comparative information for 2017

	Reserve Fund	Non-Government Fund	Fundraising and other Activities	Ministry of Health: Non-Profit Housing Funds	Ministry of Health Fund	Local Health Integration Network Fund	Personalized Support Services	2018 Total	2017 Total
Expenses:									
Salaries and wages	\$ -	\$ -	\$ -	\$ 2,772	\$ 7,485,722	\$ 2,646,096	\$ 11,410	\$ 10,146,000	\$ 10,211,686
Benefits	-	-	-	420	1,426,457	521,813	2,510	1,951,200	2,049,114
Supplies	-	-	5,703	31,083	302,106	66,307	-	405,199	422,048
Travel, training and communications	-	-	231	4,300	333,501	95,672	-	433,704	523,109
Equipment	-	-	-	-	281,643	45,066	-	326,709	277,985
Contracted services	-	-	1,847	-	73,749	33,049	-	108,645	125,539
Buildings and grounds	-	-	8,563	29,445	744,529	156,090	-	938,627	900,347
Amortization	-	-	-	31,458	174,357	18,616	-	224,431	211,334
	-	-	16,344	99,478	10,822,064	3,582,709	13,920	14,534,515	14,721,162
Excess (deficiency) of revenue over expenses	\$ 10,414	\$ -	\$ 1,992	\$ -	\$ 448,904	\$ (1,676)	\$ -	\$ 459,634	\$ 604,420

See accompanying notes to financial statements.

BRAIN INJURY SERVICES OF HAMILTON

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

2018	Invested in capital assets				Unrestricted net assets							2018 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	\$ -	\$ -	\$ 8,912	\$ 54,487	\$ 9	\$ -	\$ 826,555	\$ -	\$ 100,447	\$ 3,929	\$ 994,339	
Excess (deficiency) of revenue over expenses	-	-	(1,676)	-	448,904	-	10,414	-	1,992	-	459,634	
Transfer	-	-	-	-	(448,904)	-	448,904	-	-	-	-	
	\$ -	\$ -	\$ 7,236	\$ 54,487	\$ 9	\$ -	\$ 1,285,873	\$ -	\$ 102,439	\$ 3,929	\$ 1,453,973	

See accompanying notes to financial statements.

BRAIN INJURY SERVICES OF HAMILTON

Statement of Changes in Net Assets (continued)

Year ended March 31, 2018, with comparative information for 2017

2017	Invested in capital assets				Unrestricted net assets							2017 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	\$ -	\$ -	\$ 10,589	\$ 54,487	\$ 9	\$ -	\$ 235,769	\$ -	\$ 85,136	\$ 3,929	\$ 389,919	
Excess (deficiency) of revenue over expenses	-	-	(1,677)	-	586,597	-	4,189	-	15,311	-	604,420	
Transfer	-	-	-	-	(586,597)	-	586,597	-	-	-	-	
	\$ -	\$ -	\$ 8,912	\$ 54,487	\$ 9	\$ -	\$ 826,555	\$ -	\$ 100,447	\$ 3,929	\$ 994,339	

See accompanying notes to financial statements.

BRAIN INJURY SERVICES OF HAMILTON

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 459,634	\$ 604,420
Item not involving cash:		
Amortization of capital assets	224,431	211,334
Amortization of deferred contributions related to capital assets	(206,580)	(193,869)
Change in non-cash working capital balances arising from operating activities:		
Decrease (increase) in accounts receivable	409,034	(232,868)
Increase in prepaid expenses	(168,756)	(3,309)
Increase in accounts payable and accrued liabilities	338,130	15,470
(Decrease) increase in due to Ministry of Health and Long-Term Care	(576,513)	207,634
Increase (decrease) in deferred contributions related to expenses of future periods	2,782	(67,401)
	482,162	541,411
Financing and investing activities:		
Purchase of capital assets	238,479	(234,332)
Purchase of capital assets funded by deferred contributions	(238,479)	234,332
Repayment of mortgage	(16,175)	(15,789)
Net purchase of marketable securities	(163,360)	(153,165)
	(179,535)	(168,954)
Increase in cash and short-term deposits	302,627	372,457
Cash and short-term deposits, beginning of year	2,382,877	2,010,420
Cash and short-term deposits, end of year	\$ 2,685,504	\$ 2,382,877

See accompanying notes to financial statements.

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2018

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, and Campden Heights 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 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

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2018

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.

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Cash and short-term deposits:

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

	Interest rate	Maturity date	Value at March 31, 2018
Cash	N/A	N/A	\$ 2,554,664
BNS redeemable 18 month special rate GIC	1.50%	Sept 17, 2018	130,840
Total cash and short-term deposits			\$ 2,685,504

At March 31, 2017, cash and short-term deposits is comprised of \$2,254,041 in cash and \$128,836 in similar short-term deposits.

3. Accounts receivable:

	2018	2017
Step-up program	\$ 265,490	\$ 451,840
Other	109,989	332,673
	\$ 375,479	\$ 784,513

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2018

4. Capital assets:

	March 31, 2018		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ -	\$ 76,471
Buildings	322,392	238,549	83,843
Building improvements	316,015	164,029	151,986
Furniture and equipment	245,391	199,431	45,960
Computer equipment	118,331	90,248	28,083
Leasehold improvements	1,712,451	1,313,548	398,903
Vehicles	535,658	362,734	172,924
	\$ 3,326,709	\$ 2,368,539	\$ 958,170

	March 31, 2017		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ -	\$ 76,471
Buildings	322,392	222,374	100,018
Building improvements	316,015	138,794	177,221
Furniture and equipment	215,434	182,650	32,784
Computer equipment	123,872	123,872	-
Leasehold improvements	1,683,123	1,162,701	520,422
Vehicles	389,383	352,177	37,206
	\$ 3,126,690	\$ 2,182,568	\$ 944,122

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2018

5. Marketable securities:

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

	Interest rate	Maturity date	Value at March 31, 2018
BNS long term non- redeemable GIC	1.87%	Mar 27, 2019	\$ 140,562
BNS 1 year special rate GIC	2.00%	Feb 14, 2020	155,435
BNS 1 year special rate GIC	2.20%	Aug 15, 2022	155,633
Total marketable securities			\$ 451,630

At March 31, 2017, marketable securities is comprised of \$288,270 held in three GIC's bearing interest at annual rates of 2.05%, 1.40% and 1.40%.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$131,488 (2017 - \$24,048), which includes amounts payable for payroll related taxes.

7. Due to Ministry of Health and Long-Term Care:

This liability represents undistributed restricted Ministry of Health funds.

8. Mortgage payable:

	2018	2017
Long-term portion of mortgage payable	\$ 89,149	\$ 105,720
Current portion of mortgage payable	16,571	16,175
Total mortgage payable	\$ 105,720	\$ 121,895

The mortgage payable bears interest at a rate of 2.435% per annum and is repayable in monthly blended installments of \$1,579. The renewed mortgage is due on April 1, 2019 and is insured by the Canada Mortgage and Housing Corporation. The mortgage is secured by the John Ressor Centre (net book value of \$235,829). The fair market value of the mortgage is approximately \$99,200 (2017 - \$114,700).

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2018

9. 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.

	2017	2017
Balance, beginning of year	\$ 23,267	\$ 90,668
Add: amount received related to future periods	2,782	3,510
Less: amount transferred to capital	-	(70,911)
	\$ 26,049	\$ 23,267

(b) 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.

	2018	2017
Balance, beginning of year	\$ 758,828	\$ 718,362
Add: amount received related to future periods - Ministry of Health	234,903	175,854
Add: amount received related to future periods - Local Health Integration Network	3,576	58,481
Less: amounts amortized to revenue	(206,580)	(193,869)
	\$ 790,727	\$ 758,828

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2017

10. Net assets invested in capital assets:

Net assets invested in capital assets is calculated as follows:

	2018	2017
Capital assets	\$ 958,170	\$ 944,122
Amounts financed by deferred contributions	(790,727)	(758,828)
Amounts financed by debt	(105,720)	(121,895)
	\$ 61,723	\$ 63,399

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

	2018	2017
Deficiency of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 206,580	\$ 193,869
Amortization of capital assets	(224,431)	(211,334)
	(17,851)	(17,465)
Net change in invested in capital assets:		
Purchase of capital assets	238,479	234,335
Amounts funded by deferred contributions	(238,479)	(234,335)
Repayment of long-term debt	16,175	15,788
	16,175	15,788
	\$ (1,676)	\$ (1,677)

11. 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:

2019	\$ 698,766
2020	663,855
2021	540,378
2022	479,214
2023	474,600
Thereafter	1,129,560
	\$ 3,986,373

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2017

12. 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 2017.

(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 2017.

13. Comparative figures:

The comparative financial statements have been reclassified to conform to the presentation of the 2018 financial statements.