

Financial Statements of

**HEAD INJURY
REHABILITATION ONTARIO**

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP

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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, 2024
- 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, 2024, 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 19, 2024

HEAD INJURY REHABILITATION ONTARIO

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 4,295,193	\$ 3,953,045
Accounts receivable	298,847	394,464
Prepaid expenses	116,410	85,372
Marketable securities (note 3)	2,432,891	2,035,107
	<u>7,143,341</u>	<u>6,467,988</u>
Capital assets (note 2)	556,685	366,690
	<u>\$ 7,700,026</u>	<u>\$ 6,834,678</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 2,395,558	\$ 1,381,167
Due to Ministry of Health (note 5)	1,473,888	2,480,711
Due to Ontario Health (note 5)	164,192	60,792
Current portion of mortgage payable (note 6)	–	18,798
	<u>4,033,638</u>	<u>3,941,468</u>
Deferred contributions (note 7):		
Expenses of future periods	53,274	16,852
Capital assets	502,198	293,405
	<u>555,472</u>	<u>310,257</u>
Net assets:		
Net assets invested in capital assets (note 8)	54,487	54,487
Unrestricted net assets	3,056,429	2,528,466
	<u>3,110,916</u>	<u>2,582,953</u>
Commitments (note 9)		
Contingencies (note 12)		
	<u>\$ 7,700,026</u>	<u>\$ 6,834,678</u>

See accompanying notes to financial statements.

On behalf of the Board:

Robert Ridge

Director

George Kalopsis

Director

George Kalopsis (from 21, 2024-2027 EOI)

HEAD INJURY REHABILITATION ONTARIO

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

	Reserve Fund	Other Activities	Ministry of Health: Non- Profit Housing Fund	Ontario Health Fund	2024 Total	2023 Total
Revenue:						
Ministry of Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,093,052
Ontario Health	-	-	-	14,734,427	14,734,427	3,436,906
Ministry of Health – Non-Profit Housing	-	-	65,590	-	65,590	63,738
Recoveries of costs	-	-	-	327,929	327,929	494,286
Donations	-	3,365	-	-	3,365	67,667
Interest	112,315	-	-	59,060	171,375	79,127
Fees	-	-	-	1,362,957	1,362,957	1,189,996
Rental, grocery and travel revenue	-	-	17,675	-	17,675	24,364
Amortization of deferred contributions related to capital assets	-	-	-	136,956	136,956	159,013
	\$ 112,315	\$ 3,365	\$ 83,265	\$ 16,621,329	\$ 16,820,274	\$ 15,608,149

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Operations (continued)

Year ended March 31, 2024, with comparative information for 2023

	Reserve Fund	Other Activities	Ministry of Health: Non- Profit Housing Funds	Ontario Health Fund	2024 Total	2023 Total
Expenses:						
Salaries and wages	\$ —	\$ —	\$ —	\$ 11,732,374	\$ 11,732,374	\$ 10,921,795
Benefits	—	—	—	2,288,889	2,288,889	2,131,601
Supplies	—	—	31,871	341,320	373,191	391,247
Travel, training and communications	—	73	3,700	409,860	413,633	338,812
Equipment	—	669	150	245,570	246,389	194,627
Contracted services	—	—	—	270,584	270,584	175,624
Buildings and grounds	—	—	28,746	782,751	811,497	915,156
Amortization	—	—	18,798	136,956	155,754	177,841
	—	742	83,265	16,208,304	16,292,311	15,246,703
Excess of revenue over expenses	\$ 112,315	\$ 2,623	\$ —	\$ 413,025	\$ 527,963	\$ 361,446

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

2024	Invested in capital assets			Unrestricted net assets					2024 Total
	Ministry of Health and Non-profit Housing Fund	Ontario Health Fund	Reserve Fund	Ministry of Health Non-Profit Housing Fund	Reserve Fund	Ontario Health	Other Activities	Personalized Support Program	
Fund balance, beginning of year	\$ -	\$ -	\$ 54,487	\$ -	\$ 2,359,211	\$ -	\$ 169,255	\$ -	\$ 2,582,953
Excess of revenue over expenses	-	-	-	-	112,315	413,025	2,623	-	527,963
Transfer	-	-	-	-	480,000	(413,025)	(66,975)	-	-
	\$ -	\$ -	\$ 54,487	\$ -	\$ 2,951,526	\$ -	\$ 104,903	\$ -	\$ 3,110,916

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

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 Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 527,963	\$ 361,446
Item not involving cash:		
Amortization of capital assets	155,754	177,841
Amortization of deferred contributions related to capital assets	(136,956)	(159,013)
Change in non-cash working capital balances arising from operating activities:		
Decrease in accounts receivable	95,617	3,503
Increase in prepaid expenses	(31,038)	(6,445)
Increase (decrease) in accounts payable and accrued liabilities	1,014,391	(49,408)
(Decrease) Increase in due to Ministry of Health	(1,006,823)	760,313
Increase in due to Ontario Health	103,400	62,718
Increase in deferred contributions related to expenses of future periods	36,422	14,511
	<u>758,730</u>	<u>1,165,466</u>
Financing and investing activities:		
Purchase of capital assets	345,749	36,735
Purchase of capital assets funded by deferred contributions	(345,749)	(36,735)
Repayment of mortgage	(18,798)	(18,301)
Net purchase of marketable securities	(397,784)	(291,443)
	<u>(416,582)</u>	<u>(309,744)</u>
Increase in cash and short-term deposits	342,148	855,722
Cash and short-term deposits, beginning of year	3,953,045	3,097,323
Cash and short-term deposits, end of year	<u>\$ 4,295,193</u>	<u>\$ 3,953,045</u>

See accompanying notes to financial statements.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements

Year ended March 31, 2024

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 also reported in the Ontario Health Fund for the year ended March 31, 2024 as the funding from the Ministry of Health has been merged with Ontario Health. For the year ended March 31, 2023, the related revenues and expenses noted above relate to 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.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2024

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. 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.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(h) Financial instruments (continued):

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.

2. Capital assets:

	March 31, 2024		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ –	\$ 76,471
Buildings	322,392	322,392	–
Building improvements	521,280	521,280	–
Furniture and equipment	385,493	267,546	117,947
Computer equipment	125,428	111,864	13,564
Leasehold improvements	2,135,322	1,786,619	348,703
Vehicles	345,213	345,213	–
	<u>\$ 3,911,599</u>	<u>\$ 3,354,914</u>	<u>\$ 556,685</u>

	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	–
	<u>\$ 3,596,089</u>	<u>\$ 3,229,399</u>	<u>\$ 366,690</u>

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Marketable securities:

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

	Interest rate	Maturity date	Value at March 31, 2024
RBC Prime-Linked Cashable GIC	4.95%	October 25, 2024	\$ 296,214
RBC Prime-Linked Cashable GIC	5.20%	December 8, 2024	1,286,561
RBC Prime-Linked Cashable GIC	4.75%	December 8, 2024	17,292
RBC Prime-Linked Cashable GIC	4.85%	February 7, 2025	832,824
Total marketable securities			\$ 2,432,891

At March 31, 2023, marketable securities was comprised of \$2,035,107 held in three GIC's bearing interest at annual rates between 2.75% and 5.00%.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$290,200 (2023 - \$184,968), 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:

	2024	2023
Long-term portion of mortgage payable	\$ –	\$ –
Current portion of mortgage payable	–	18,798
Total mortgage payable	\$ –	\$ 18,798

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 was fully repaid by March 31, 2024.

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2024

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. Deferred contributions related to expenses of future periods represent the balance in the replacement reserve fund.

	2024	2023
Balance, beginning of year	\$ 16,852	\$ 2,341
Add: amount received related to future periods	36,422	14,511
Less: amount utilized in the period	—	—
	<u>\$ 53,274</u>	<u>\$ 16,852</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.

	2024	2023
Balance, beginning of year	\$ 293,405	\$ 415,683
Add: amount received related to future periods - Ministry of Health and Ontario Health	345,749	36,735
Less: amounts amortized to revenue	(136,956)	(159,013)
	<u>\$ 502,198</u>	<u>\$ 293,405</u>

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Net assets invested in capital assets:

Net assets invested in capital assets is calculated as follows:

	2024	2023
Capital assets	\$ 556,685	\$ 366,690
Amounts financed by deferred contributions	(502,198)	(293,405)
Amounts financed by debt	–	(18,798)
	<u>\$ 54,487</u>	<u>\$ 54,487</u>

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

	2024	2023
Deficiency of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 136,956	\$ 159,013
Amortization of capital assets	(155,754)	(177,841)
	<u>(18,798)</u>	<u>(18,828)</u>
Net change in invested in capital assets:		
Purchase of capital assets	345,749	36,735
Amounts funded by deferred contributions	(345,749)	(36,735)
Repayment of long-term debt	18,798	18,301
	<u>18,798</u>	<u>18,301</u>
	<u>\$ –</u>	<u>\$ (527)</u>

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:

2025	\$ 591,051
2026	585,373
2027	541,136
2028	540,109
2029	540,433
Thereafter	398,125
	<u>\$ 3,196,227</u>

HEAD INJURY REHABILITATION ONTARIO

Notes to Financial Statements (continued)

Year ended March 31, 2024

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 \$nil (2023 - \$55,000). 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 2023.

(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 2023.

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.

13. Subsequent event:

The Foundation, a related entity (note 10), has decided to dissolve its operations in the upcoming fiscal year. Subsequent to year end, the Foundation has begun the process of dissolving and has begun to transfer funds to the Organization.