

Financial Statements of

**BRAIN INJURY SERVICES OF
HAMILTON**

Year ended March 31, 2016



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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, 2016, 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, 2016, 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.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 17, 2016

BRAIN INJURY SERVICES OF HAMILTON

Statement of Financial Position

March 31, 2016, with comparative information for 2015

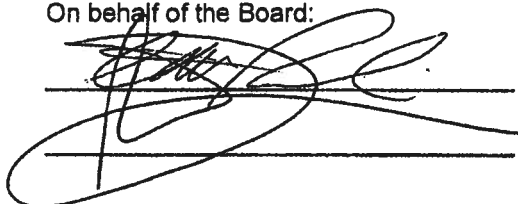
	2016	2015
Assets		
Current assets:		
Cash and short-term deposits	\$ 2,010,420	\$ 2,237,930
Accounts receivable (note 2)	551,645	673,144
Prepaid expenses	75,131	78,038
	<u>2,637,196</u>	<u>2,989,112</u>
Capital assets (note 3)	921,121	1,086,795
Marketable securities (note 4)	135,105	131,000
	<u>\$ 3,693,422</u>	<u>\$ 4,206,907</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,162,260	\$ 1,503,144
Due to Ministry of Health and Long-Term Care (note 6)	1,194,529	1,062,407
Current portion of mortgage payable (note 7)	15,788	15,411
	<u>2,372,577</u>	<u>2,580,962</u>
Mortgage payable (note 7)	121,896	137,685
Deferred contributions (note 8):		
Expenses of future periods	90,668	79,225
Capital assets	718,362	866,949
	<u>809,030</u>	<u>946,174</u>
Net assets:		
Net assets invested in capital assets (note 9)	65,181	66,857
Unrestricted net assets	324,738	475,229
	<u>389,919</u>	<u>542,086</u>
Commitments (note 10)		
	<u>\$ 3,693,422</u>	<u>\$ 4,206,907</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, 2016, with comparative information for 2015

	Reserve Non-Government 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	2016 Total	2015 Total
Revenue:								
Ministry of Health and Long-Term Care	\$ -	\$ -	\$ -	\$ 8,956,989	\$ -	\$ -	\$ 8,956,989	\$ 9,117,349
Local Health Integration Network	-	-	-	3,191,861	-	-	3,191,861	3,159,418
Ministry of Health – Non-Profit Housing	-	-	69,154	-	-	-	69,154	68,436
Hamilton Health Sciences Corporation	-	-	-	-	-	56,020	56,020	56,020
Recoveries of costs	-	-	-	353,123	83,210	-	436,333	403,965
Donations	-	955	-	-	-	-	955	17,065
Other fundraising	-	35,218	-	-	-	-	35,218	33,602
Grants	-	-	-	-	3,636	-	3,636	7,306
Interest	6,194	-	-	12,107	-	-	18,301	18,818
Fees	-	-	29,160	1,169,732	351,419	-	1,521,151	1,173,107
Rental, grocery and travel revenue	-	-	-	-	-	-	29,160	28,969
Amortization of deferred contributions related to capital assets	-	-	6,034	164,183	14,277	-	184,494	210,926
	6,194	36,173	104,348	10,656,134	3,644,403	56,020	14,503,272	14,294,981

BRAIN INJURY SERVICES OF HAMILTON

Statement of Operations (continued)

Year ended March 31, 2016, with comparative information for 2015

	Reserve Non-Government Fund	Fundraising and other Non-Government Activities	Ministry of Health: Non-Profit Housing Funds	Ministry of Health Fund	Local Health Integration Network Fund	Personalized Support Services	2016 Total	2015 Total
Expenses:								
Salaries and wages	\$ -	\$ -	\$ 2,772	\$ 7,656,875	\$ 2,759,532	\$ 53,510	\$ 10,472,689	\$ 10,120,303
Benefits	-	-	420	1,477,942	507,784	2,510	1,988,656	1,905,323
Supplies	-	10,618	32,297	309,792	56,946	-	409,653	414,182
Travel, training and communications	-	2,259	4,300	349,386	84,606	-	440,551	485,036
Equipment	-	-	-	167,256	50,541	-	217,797	184,418
Contracted services	-	1,747	-	59,058	32,343	-	93,148	108,036
Buildings and grounds	-	8,541	43,114	627,335	141,574	-	820,564	823,558
Amortization	-	-	21,445	164,183	15,953	-	201,581	227,644
	-	23,165	104,348	10,811,827	3,649,279	56,020	14,644,639	14,268,500
Excess (deficiency) of revenue over expenses before gift	\$ 6,194	\$ 13,008	\$ -	\$ (155,693)	\$ (4,876)	\$ -	\$ (141,367)	\$ 26,481
Gift to Brain Injury Services Foundation	-	-	-	-	-	-	-	250,000
Excess (deficiency) of revenue over expenses and gift	\$ 6,194	\$ 13,008	\$ -	\$ (155,693)	\$ (4,876)	\$ -	\$ (141,367)	\$ (223,519)

See accompanying notes to financial statements.

BRAIN INJURY SERVICES OF HAMILTON

Statement of Changes in Net Assets

Year ended March 31, 2016, with comparative information for 2015

2016	Invested in capital assets				Unrestricted net assets					2016 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	\$ -	\$ -	\$ 12,265	\$ 54,592	\$ 9	\$ -	\$ 385,163	\$ -	\$ 86,128	\$ 3,929	\$ 542,086
Excess (deficiency) of revenue over expenses before gift	-	-	(1,676)	-	(155,693)	-	6,194	(3,200)	13,008	-	(141,367)
Gift to Brain Injury Services Foundation	-	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	155,693	-	(155,693)	3,200	(14,000)	-	(10,800)
	\$ -	\$ -	\$ 10,589	\$ 54,592	\$ 9	\$ -	\$ 235,664	\$ -	\$ 85,136	\$ 3,929	\$ 389,919

See accompanying notes to financial statements.

BRAIN INJURY SERVICES OF HAMILTON

Statement of Changes in Net Assets (continued)

Year ended March 31, 2016, with comparative information for 2015

2015	Invested in capital assets				Unrestricted net assets					2015 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	\$ -	\$ -	\$ 13,941	\$ 54,592	\$ 10	\$ (349)	\$ 642,006	\$ -	\$ 51,476	\$ 3,929	\$ 765,605
Excess (deficiency) of revenue over expenses before gift	-	-	(1,676)	-	(10,957)	349	6,259	(2,146)	34,652	-	26,481
Gift to Brain Injury Services Foundation	-	-	-	-	-	-	(250,000)	-	-	-	(250,000)
Transfer	-	-	-	-	10,956	-	(13,102)	2,146	-	-	-
	\$ -	\$ -	\$ 12,265	\$ 54,592	\$ 9	\$ -	\$ 385,163	\$ -	\$ 86,128	\$ 3,929	\$ 542,086

See accompanying notes to financial statements.

BRAIN INJURY SERVICES OF HAMILTON

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Surplus of revenues over expenses	\$ (141,367)	\$ (223,519)
Item not involving cash:		
Amortization of capital assets	201,581	227,644
Amortization of deferred contributions related to capital assets	(184,494)	(210,926)
Transfer within reserves	(10,800)	-
Change in non-cash working capital balances arising from operating activities:		
(Increase) decrease in accounts receivable	121,499	(249,519)
(Increase) decrease in prepaid expenses	2,907	(3,682)
Increase (decrease) in accounts payable and accrued liabilities	(340,884)	472,548
Increase (decrease) in due to Ministry of Health and Long-Term Care	132,122	400,098
Increase (decrease) in deferred contributions related to expenses of future periods	11,443	31,379
	(207,993)	444,023
Financing and investing activities:		
Purchase of capital assets	(35,906)	(31,202)
Amounts funded by deferred contributions	35,906	31,201
Repayment of mortgage payable	(15,412)	(15,041)
Purchase of marketable securities	(4,105)	(16,000)
Redemption of marketable securities	-	-
	(19,517)	(31,042)
Increase in cash and short-term deposits	(227,510)	412,981
Cash and short-term deposits, beginning of year	2,237,930	1,824,949
Cash and short-term deposits, end of year	\$ 2,010,420	\$ 2,237,930

See accompanying notes to financial statements.

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements

Year ended March 31, 2016

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, 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 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, 2016

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.

(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, 2016

2. Accounts receivable:

	2016		2015	
Step-up program	\$	296,756	\$	183,850
LHIN		-		153,017
Other		254,889		336,277
	\$	551,645	\$	673,144

3. Capital assets:

	March 31, 2016		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ -	\$ 76,471
Buildings	322,392	206,585	115,807
Building improvements	206,716	115,109	91,607
Furniture and equipment	218,617	172,162	46,455
Computer equipment	149,961	149,961	-
Leasehold improvements	1,590,513	1,037,026	553,487
Vehicles	361,706	324,412	37,294
	\$ 2,926,376	\$ 2,005,255	\$ 921,121

	March 31, 2015		
	Cost	Accumulated amortization	Net book value
Land	\$ 76,471	\$ -	\$ 76,471
Buildings	322,392	191,174	131,218
Building improvements	195,917	102,191	93,726
Furniture and equipment	218,617	144,876	73,741
Computer equipment	149,961	149,961	-
Leasehold improvements	1,590,513	913,291	677,222
Vehicles	359,472	325,055	34,417
	\$ 2,913,343	\$ 1,826,548	\$ 1,086,795

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2016

4. Marketable securities:

At the end of the year, the Organization held \$135,105 (2015 - \$131,000) in one non-redeemable Guaranteed Investment Certificate ("GIC"), maturing September 25, 2017. The GIC earns interest at a rate of 2.05% (2015 - 2.05%) per annum.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$145,741 (2015 - \$126,819), which includes amounts payable for payroll related taxes.

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

This liability represents undistributed restricted Ministry of Health funds.

7. Mortgage payable:

	2016	2015
Long-term portion of mortgage payable	\$ 121,896	\$ 137,685
Current portion of mortgage payable	15,788	15,411
Total mortgage payable	\$ 137,684	\$ 153,096

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 \$224,944). The fair market value of the mortgage is approximately \$128,000 (2015 - \$140,000).

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2016

8. Deferred contributions:

(a) Expenses of future periods:

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

	2016	2015
Balance, beginning of year	\$ 79,225	\$ 47,846
Add: amount received related to future periods	23,422	43,970
Less: amount transferred to capital	(11,979)	(12,591)
	\$ 90,668	\$ 79,225

(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.

	2016	2015
Balance, beginning of year	\$ 866,949	\$ 1,029,089
Add: amount received related to future periods - Ministry of Health	25,108	28,784
Add: amount received related to future periods - Local Health Integration Network	10,799	20,002
Less: amounts amortized to revenue	(184,494)	(210,926)
	\$ 718,362	\$ 866,949

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2016

9. Net assets invested in capital assets:

Net assets invested in capital assets is calculated as follows:

	2016	2015
Capital assets	\$ 921,121	\$ 1,086,795
Amounts financed by deferred contributions	(718,362)	(866,949)
Amounts financed by debt	(137,578)	(152,989)
	\$ 65,181	\$ 66,857

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

	2016	2015
Deficiency of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 184,493	\$ 210,926
Amortization of capital assets	(201,581)	(227,644)
	(17,088)	(16,718)
Net change in invested in capital assets:		
Purchase of capital assets	35,906	31,202
Amounts funded by deferred contributions	(35,906)	(31,201)
Repayment of long-term debt	15,412	15,041
	15,412	15,042
	\$ (1,676)	\$ (1,676)

10. Commitments:

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

2017	\$ 669,889
2018	662,694
2019	418,158
2020	332,396
2021	231,565
Thereafter	1,420,000
	\$ 3,734,702

BRAIN INJURY SERVICES OF HAMILTON

Notes to Financial Statements (continued)

Year ended March 31, 2016

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.

(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.

12. Related party transactions:

Donations paid to the Brain Injury Services Foundation during the year amounted to nil (2015 - \$250,000).