ASSOCIATION FOR THE REHABILITATION OF THE BRAIN INJURED

Financial Statements

Year Ended March 31, 2021

ASSOCIATION FOR THE REHABILITATION OF THE BRAIN INJURED

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Year Ended March 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Association for the Rehabilitation of the Brain Injured

Opinion

We have audited the financial statements of Association for the Rehabilitation of the Brain Injured (the "Association") that comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and the results of its operations and 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 responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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.

Other Matter

The financial statements for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 15, 2020.

Responsibilities 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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Independent Auditors' Report to the Members of Association for the Rehabilitation of the Brain Injured *(continued)*

Auditors' 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 auditors' 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 these 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 risks 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, intentional 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 purpose of expressing an opinion on the effectiveness of the Association's internal control.
- 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 events or conditions that may cast significant doubt on the Association'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 Association 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.

We 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.

Buchanan Barry LLP

Calgary, Alberta
June 14, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

ASSOCIATION FOR THE REHABILITATION OF THE BRAIN INJURED

Statement of Financial Position

March 31, 2021

		2021		2020
ASSETS				
CURRENT				
Cash *(Note 3)*	$	**896,801**	$	165,725
Short-term investments *(Note 4)*		**83,955**		72,787
Accounts receivable		**150,264**		33,764
Goods and services tax recoverable		**3,230**		2,123
Prepaid expenses		**3,959**		398
		1,138,209		274,797
CAPITAL ASSETS *(Note 5)*		**11,644**		18,623
	$	**1,149,853**	$	293,420
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	**24,433**	$	26,262
Deferred revenue		**82,980**		-
Deferred contributions *(Note 6)*		**114,148**		33,546
		221,561		59,808
DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS *(Note 7)*		**10,907**		17,887
		232,468		77,695
NET ASSETS				
UNRESTRICTED		**916,647**		214,987
INVESTED IN CAPITAL ASSETS		**738**		738
		917,385		215,725
	$	**1,149,853**	$	293,420

APPROVED ON BEHALF OF THE BOARD

_________________________ *Director*

_________________________ *Director*

ASSOCIATION FOR THE REHABILITATION OF THE BRAIN INJURED

Statement of Operations

Year Ended March 31, 2021

	2021	2020
REVENUE		
Service contracts *(Note 8)*	$ **903,244**	$ 897,879
Donations and grants	**627,781**	745,424
In-kind donations *(Note 9)*	**438,005**	401,882
Government grants and subsidies *(Note 10)*	**381,502**	193,208
Casino and gaming	**61,413**	59,404
Recognition of deferred contributions for capital assets *(Note 7)*	**8,013**	12,207
Fee for service	**5,300**	50,420
Interest revenue	**567**	5,800
Other revenue	**192**	1,252
	2,426,017	2,367,476
EXPENSES		
Amortization of capital assets	**8,013**	12,207
Consulting fees	**33,923**	55,449
Fundraising and advertising	**64,408**	61,715
Insurance	**14,473**	13,078
Interest and bank charges	**9,308**	6,676
Office	**33,547**	29,518
Professional fees	**18,213**	18,986
Program expenditures	**39,758**	107,710
Rent and facility operating costs *(Note 9)*	**400,000**	400,000
Salaries and wages	**1,102,714**	1,806,867
	1,724,357	2,512,206
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	**701,660**	(144,730)
OTHER INCOME (LOSS)		
Loss on sale of marketable securities	**-**	(113)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ **701,660**	$ (144,843)

ASSOCIATION FOR THE REHABILITATION OF THE BRAIN INJURED

Statement of Changes in Net Assets

Year Ended March 31, 2021

	Unrestricted	Invested in capital assets	**2021**	2020
NET ASSETS - BEGINNING OF YEAR	$ 214,987	$ 738	**$ 215,725**	$ 360,568
Excess (deficiency) of revenue over expenses	701,660	-	**701,660**	(144,843)
NET ASSETS - END OF YEAR	$ 916,647	$ 738	**$ 917,385**	$ 215,725

ASSOCIATION FOR THE REHABILITATION OF THE BRAIN INJURED

Statement of Cash Flows

Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	**$ 701,660**	$ (144,843)
Items not affecting cash:		
Amortization of capital assets	**8,013**	12,207
Loss on disposal of investments	**-**	113
Amortization of deferred contributions	**(8,013)**	(12,207)
Accrued interest on short-term investments	**955**	-
	702,615	(144,730)
Changes in non-cash working capital:		
Accounts receivable	**(116,500)**	(33,764)
Goods and services tax recoverable	**(1,107)**	(2,123)
Prepaid expenses	**(3,561)**	(398)
Accounts payable and accrued liabilities	**(1,830)**	26,264
Deferred revenue	**82,980**	(28,460)
Deferred contributions	**80,602**	(217,683)
	40,584	(256,164)
	743,199	(400,894)
INVESTING ACTIVITIES		
Proceeds on disposal of short-term investments	**70,877**	373,687
Purchase of short-term investments	**(83,000)**	-
	(12,123)	373,687
INCREASE (DECREASE) IN CASH	**731,076**	(27,207)
CASH - Beginning of year	**165,725**	192,932
CASH - End of year *(Note 3)*	**$ 896,801**	$ 165,725

NON-CASH TRANSACTION *(Note 5)*

1. PURPOSE OF THE ASSOCIATION

The Association for the Rehabilitation of the Brain Injured (the "Association") is a not-for-profit organization incorporated under the Societies Act of Alberta on September 11, 1978. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The purpose of the Association is to provide long-term rehabilitation and community integration for people who have suffered the most severe brain injuries and strokes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevents its use for current purposes is included in restricted cash.

Short-term investments

Short-term investments consist of Guaranteed Investment Certificates ("GICs") with a maturity of twelve months or less and are carried at amortized cost.

Goods and services tax

Goods and services tax is recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Capital assets

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Computer equipment	3.33 years	straight-line
Furniture and fixtures	5 years	straight-line

The Association regularly reviews its capital assets to eliminate obsolete items. Capital asset purchases with a cost below $2,000 are expensed in the year acquired. Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Association follows the deferral method of accounting for contributions.

- Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount receivable can be reasonable estimated and collection is reasonably assured.
- Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.
- Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the invested in capital assets balance.
- Revenue from services is recognized when the services are rendered and reasonable assurance exists regarding the consideration to be received and collection is reasonably assured.

Contributed materials and services

Contributed services and donated goods are recognized in the financial statements as expense recoveries or in-kind donations, when the fair value can be reasonably determined, when the services are used in the normal course of the Association's operations and would otherwise have been purchased.

Leases

Leases are classified as either capital or operating leases. At the time the Association enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Measurement

The Association initially measures its financial assets and liabilities at fair value, except for certain related party transactions which are measured at the carrying amount or exchange amount. The Association subsequently measures all financial assets and liabilities at amortized cost, except for equity instruments quoted in an active market, which are reported at fair value with any unrealized gains and losses in net income.

Financial assets subsequently measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets subsequently measured at amortized cost are tested for impairment when there are indications that an impairment exists. The amount of write-down is recognized as an impairment loss in excess revenue over expenses. A previously recognized impairment loss may be reversed to the extent of an improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess revenue over expenses in the period the reversal occurs.

Transaction costs

The Association recognizes transaction costs on the financial instruments subsequently measured at fair value in excess revenue over expenses. Financial instruments subsequently measured at amortized cost are adjusted for financing fees and transaction costs which are directly attributable to that origination and acquisition of the financial instrument.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates and assumptions include the estimated useful life of capital assets and related capital contributions for amortization purposes, the net recoverable amount of accounts receivable and capital assets and the fair value of contributed materials and services. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. CASH

		2021		2020
Unrestricted	**$**	**213,664**	$	35,470
Restricted		**683,137**		130,255
	$	**896,801**	$	165,725

Cash that is restricted as to the withdrawal or use under the terms of certain contractual agreements or management's discretion are included in restricted cash. Restricted cash balances include a holding bank account and funds that are collected through casino and other external restrictions for specific uses. The Association maintains a separate bank accounts for restricted cash.

4. SHORT-TERM INVESTMENTS

		2021		2020
Guaranteed investment certificates	**$**	**83,955**	$	72,787

Short-term investments consists of one (2020 - two) redeemable guaranteed investment certificate with a maturity date of June 4, 2021, that earns interest at 1.4% (2020 - 1.34% to 1.8%) per annum.

5. CAPITAL ASSETS

		Cost		Accumulated amortization		**2021 Net book value**		2020 Net book value
Computer equipment	$	230,354	$	228,356	**$**	**1,998**	$	5,137
Furniture and fixtures		452,758		443,112		**9,646**		13,486
Leasehold improvements		71,167		71,167		**-**		-
	$	754,279	$	742,635	**$**	**11,644**	$	18,623

During the year the Association received $1,033 in contributed capital assets. As this transaction is non-cash in nature, it has been excluded from the statement of cash flows.

6. DEFERRED CONTRIBUTIONS

Deferred contributions consist of restricted, unspent grants and donations for which the related operating expenses such as therapy program costs, therapist salaries and various IT related expenditures have not yet been incurred. Changes to deferred contributions balances are as follows:

	2021	2020
Balance - Beginning of year	**$ 33,546**	$ 251,229
Contributions received during the year	**269,732**	88,263
Amounts recognized as revenue in the year	**(189,130)**	(305,946)
Balance - End of year	**$ 114,148**	$ 33,546

7. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

Restricted contributions received and spent on the purchase of capital assets are deferred and recognized to revenue on the same basis as the related capital assets are amortized.

	2021	2020
Balance - Beginning of year	**$ 17,887**	$ 30,094
Capital contributions received	**1,033**	-
Recognized as revenue	**(8,013)**	(12,207)
Balance - End of year	**$ 10,907**	$ 17,887

8. SERVICE CONTRACTS

		2021		2020
Community Integration and Volunteer Program	**$**	**318,585**	$	313,220
Community Access for People in Continuing Care		**184,659**		184,659
Alberta Health Services		**400,000**		400,000
	$	**903,244**	$	897,879

The Association provides community programs and services under the terms of the following service contracts and agreement:

Community Integration and Volunteer Program Contract

The Association operates a Community Integration Program ("CIP") and volunteer program under the terms of a general service contract with the Alberta Minister of Community and Social Services, which utilizes a provincially coordinated regional delivery model to support adults with brain injury. In accordance with the contract, the Association performs various monthly services including individual and group support programs for a total contracted price of $939,660; $313,220 annually. The term of the service agreement is from April 1, 2020 to March 31, 2023 with no optional extensions and may be terminated, with 90 days written notice, by either party.

Community Access for People in Continuing Care Contract

The Association operates the Community Access for People in Continuing Care (CAPCC) program under the terms of a general service contract with the Alberta Minister of Community and Social Services. In accordance with the contract, the Association provides support to individuals living in long-term care facilities who are socially and culturally isolated for a total contracted price of $553,977; $184,659 annually. The term of the service agreement is from April 1, 2020 to March 31, 2023 with no optional extensions and may be terminated, with 90 days written notice, by either party.

Alberta Health Services

The Association has a service agreement with Alberta Health Services ("AHS") for the provision of clinical services of slow stream rehabilitation for those with severe brain injury. The agreement expires on March 31, 2022. In consideration of the provision of services AHS pays the Association annual service fees of $400,000.

9. LEASE AGREEMENT

The Association has a long-term lease agreement with the Alberta Minister of Infrastructure and Transportation (the "landlord") with respect to its premises. The agreement has a lease term of 10 years expiring August 31, 2016. The agreement has a renewal option to extend the term for 40 years which has not been executed as at March 31, 2021. The agreement is currently in a month-to-month overhold status and remains a fully enforceable lease and the landlord has no current intention of ending occupancy.

The landlord provides the leased space, utilities, waste management, caretaking, maintenance and parking at no cost to the Association. The Association has determined that the fair value of the lease and related operating cost is valued at $400,000. This contribution has been recorded to in-kind donations and rent expense in the statement of operations.

10. GOVERNMENT GRANTS AND SUBSIDIES

In response to the negative economic impact of COVID-19, the Government of Canada announced the 10% Temporary Wage Subsidy for Employers ("TWSE") program and the Canada Emergency Wage Subsidy ("CEWS") program during the year.

TWSE is a three-month measure that reduces the amount of payroll deductions that needs to be remitted to the Canada Revenue Agency. The subsidy is equal to 10% of the remuneration paid from March 18 to June 19, 2020, to a maximum of $25,000. The Association has determined that it has qualified for this subsidy and has, accordingly, applied for and received $18,947 in TWSE during the year.

CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as result of COVID-19. This subsidy is retroactive to March 15, 2020. The qualification and application of the CEWS is being assessed over multiple four-week application period segments.

The Association has determined that it has qualified for this subsidy from the March 15, 2020 effective date through March 31, 2021 and has, accordingly, applied for the CEWS and received $357,876 during the year. Included in accounts receivable is $74,233 of the total wage subsidy as it was received subsequent to year end. The Association also intends to apply for the CEWS in subsequent application periods, subject to continuing to meet the applicable qualification criteria.

11. ENDOWMENT FUND

The Association is the beneficiary of an endowment fund held which is externally restricted and not included on the statement of financial position. The fund is administered by The Calgary Foundation ("TCF"), an unrelated organization. The endowment fund is an open fund that holds all capital contributions in perpetuity and interest revenue generated by the fund is distributed annually to the Association. During the year, the Association received $2,007 (2020 - $1,850) from the Fund which is included in donations and grant revenue.

The fair market value of the endowment fund held by TCF at March 31, 2021 was $52,537 (2020 - $46,657).

12. FUNDRAISING

In accordance with section 7(2)(e) of the Charitable Fundraising Act of Alberta and Regulations, the Association incurred expenses of $33,405 (2020 - $68,090) for the purpose of soliciting contributions and paid $40,733 (2020 - $124,550) of remuneration to employees whose principal duties involve fundraising. Included in donations and grants are gross fundraising contributions of $37,525 (2020 - $156,513).

13. TERMINATION BENEFITS

Termination benefits incurred during the year in accordance with employment contracts of $6,308 are included in salaries and wages.

14. COVID-19

During early 2020, there was a global outbreak of COVID-19 (Coronavirus). The restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine protocols has had a significant impact on businesses. At this time, it is unknown the extent of the impact the COVID-19 pandemic will have on the Association as this will depend on future developments that are highly uncertain and cannot be predicted with confidence. While the extent of the impact is unknown, we anticipate that the pandemic may cause changes in the availability of grants, corporate and individual donations, events and revenue. It may also result in a reduction of the Association's program offerings, in addition to increased regulations, all of which could potentially negatively impact the Association's financial condition.

The Association has been able to qualify for some of the federal government assistance programs that have been announced and has been successful in applying for and receiving additional grants and continues to receive monthly payments on its service contracts. It is management's opinion that the Association will be able to maintain operations into the foreseeable future.

15. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of March 31, 2021.

Credit risk

Credit risk arises from the potential that third parties may default on their financial obligations. The Association is exposed to credit risk on cash, accounts receivable and short-term investments.

The Association's credit risk exposure on cash and short-term investments is minimized substantially by ensuring the assets are held with credible financial institutions.

The Association's accounts receivable are due from government bodies, subject to normal credit risk, and and have been collected in full subsequent to year-end.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is not exposed to significant liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk as further described below:

(a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Association will fluctuate due to changes in foreign exchange rates. The Association is not exposed to foreign currency exchange risk.

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15. FINANCIAL INSTRUMENTS *(continued)*

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Association is exposed to interest rate risk on its guaranteed investment certificates. However, interest rates are fixed at purchase and are not subject to variability; therefore a change in interest rates at the reporting date does not affect the excess revenue over expenses reported on the statement of operations.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is not exposed to other price risk.

16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation:

- In-kind donations was increased by $401,822 and donations and grants was reduced by $401,882.
- Casino and gaming revenue was increased by $59,404 and donations and grants was reduced by $59,404.
- Service contract revenue was combined into one account