



Consolidated Financial Statements

Niagara Children's Centre School Authority

August 31, 2020

Contents

	Page
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Debt	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 12

Independent Auditor's Report

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To the Board of Trustees of
Niagara Children's Centre School Authority

Qualified opinion

We have audited the consolidated financial statements of Niagara Children's Centre School Authority, which comprise the consolidated statement of financial position as at August 31, 2020, and the consolidated statements of operations, change in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter described in the Basis for qualified opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Niagara Children's Centre School Authority as at August 31, 2020, and the results of its consolidated operations, change in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

In common with many School Authorities, Niagara Children's Centre School Authority derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Niagara Children's Centre School Authority and we were not able to determine whether any adjustments might be necessary to fundraising revenue, net revenue, financial assets and net financial position for the years ended August 31, 2020 and August 31, 2019, financial assets as at August 31, 2020 and August 31, 2019 and net financial assets as at September 1, 2019 and September 1, 2018. Our audit opinion on the financial statements for the year ended August 31, 2019 was modified accordingly, because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the 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 qualified opinion.

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 public sector accounting standards, 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.

Independent Auditor's Report (continued)

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 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 entity'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 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 auditor's 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 auditor's 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.

Independent Auditor's Report (continued)

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.

Grant Thornton LLP

St. Catharines, Canada
December 15, 2020

Chartered Professional Accountants
Licensed Public Accountants

Niagara Children's Centre School Authority

Consolidated Statement of Financial Position

Year ended August 31	2020	2019
Financial assets		
Cash and cash equivalents	\$ 454,888	\$ 483,162
Accounts receivable	67,900	39,788
Grants receivable	-	4,392
Total financial assets	\$ 522,788	\$ 527,343
Financial liabilities		
Accounts payable and accrued liabilities	\$ 434,207	\$ 450,575
Deferred revenue (note 2)	11,814	-
Total financial liabilities	\$ 446,021	\$ 450,575
Net financial assets	\$ 76,767	\$ 76,767
Non-financial assets	-	-
Accumulated surplus (note 3)	\$ 76,767	\$ 76,767

See accompanying notes to the consolidated financial statements

Niagara Children's Centre School Authority

Consolidated Statement of Operations

Year ended August 31	Budget	2020	2019
Revenue			
Provincial grants - Grants for Student Needs	\$ 3,677,885	\$ 3,383,315	\$ 3,315,991
Provincial grants - Other (note 2)	-	34,701	42,503
Investment income	1,000	2,166	1,009
Other fees and revenues	-		76,767
Total revenues	\$ 3,678,885	\$ 3,420,182	\$ 3,436,270
Expenses			
Instruction	\$ 2,551,935	\$ 2,340,686	\$ 2,299,876
Administration	178,350	176,206	162,539
Transportation	728,000	689,622	663,115
Pupil accomodation	165,600	151,484	153,302
Other	55,000	62,184	80,672
Total expenses (note 6)	\$ 3,678,885	\$ 3,420,182	\$ 3,359,503
Annual surplus	\$ -	\$ -	\$ 76,767
Accumulated surplus, beginning of year	-	76,767	-
Accumulated surplus, end of year	\$ -	\$ 76,767	\$ 76,767

See accompanying notes to the consolidated financial statements

Niagara Children's Centre School Authority Consolidated Statement of Change in Net Assets

Year ended August 31	2020	2019
Annual surplus	\$ -	\$ 76,767
Tangible capital asset activity	-	-
Other non-financial asset activity	-	-
Change in net assets	-	76,767
Net assets, beginning of year	<u>76,767</u>	<u>-</u>
Net assets, end of year	<u>\$ 76,767</u>	<u>\$ 76,767</u>

See accompanying notes to the consolidated financial statements

Niagara Children's Centre School Authority Consolidated Statement of Cash Flow

Year ended August 31	2020	2019
Cash provided by (used in):		
Operating transactions		
Annual surplus	\$ -	\$ 76,767
Changes in non-cash assets and liabilities		
Accounts receivable	(28,112)	(970)
Accounts payable and accrued liabilities	(16,368)	228,317
Deferred revenue	16,206	(37,281)
	<u>(28,274)</u>	<u>266,833</u>
Capital transactions	-	-
Investing transactions	-	-
Financing transactions	-	-
	<u>(28,274)</u>	<u>266,832</u>
Change in cash and cash equivalents		
Cash and cash equivalents, beginning of year	<u>483,162</u>	<u>216,330</u>
Cash and cash equivalents, end of year	<u>\$ 454,888</u>	<u>\$ 483,162</u>

See accompanying notes to the consolidated financial statements

Niagara Children's Centre School Authority

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies used are as follows:

a) Basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are the cost of goods and services consumed in the period whether or not payment has been made or invoices received.

b) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Authority and which are controlled by the Authority.

School generated funds that exist at the school level and which are controlled by the Authority, are reflected in the consolidated financial statements.

c) Cash and cash equivalents

Cash and equivalents comprise of cash on hand and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

d) Retirement and other employee future benefits

The Authority provides defined retirement and other future benefits to specified employee groups. These benefits include life insurance, health care benefits, dental benefits, retirement gratuity, worker's compensation, and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trust (ELHT) was established in 2016-2017: ETFO. The following ELHT was established in 2017-2018: ONE-T for nonunionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff) and other school authority staff up to a school authority's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school authority trustees associations and the Government of Ontario. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school authorities are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN).

Niagara Children's Centre School Authority

Notes to the Consolidated Financial Statements

August 31, 2020

1. Significant accounting policies (continued)

e) Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Tangible capital assets that are below the \$5,000 capitalization threshold as outlined by the Ministry of Education are expensed as incurred.

f) Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services are performed.

g) School fundraising and other revenue

School fundraising and other revenue are reported as revenue in the period earned.

h) Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

i) Investment income

Investment income is reported as revenue in the period earned.

j) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school authorities and is used to manage program spending within the guidelines of the funding model.

k) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include assumptions when estimating provisions for accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Niagara Children's Centre School Authority

Notes to the Consolidated Financial Statements

August 31, 2020

2. Deferred revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue on the consolidated statement of financial position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2020 is comprised of:

	Balance as at August 31, 2019	Externally restricted revenue received	Revenue recognized in the period	Balance as at August 31, 2020
Other provincial grants (receivable)	<u>\$ (4,392)</u>	<u>\$ 50,907</u>	<u>\$ (34,701)</u>	<u>\$ 11,814</u>

3. Accumulated surplus:

Accumulated surplus consists of the following:

	<u>2020</u>	<u>2019</u>
Internally appropriated	<u>\$76,767</u>	<u>\$76,767</u>

4. Retirement benefits

i) Ontario Municipal Employees Retirement System

Non-teaching employees of the School Authority are eligible to be members of the Ontario Municipal Employees Retirement System, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Authority contributions equal the employee contributions to the plan. During the year ended August 31, 2020, the Authority contributed \$42,790 (2019 - \$46,098) to the plan. As this is a multi-employer pension plan, these contributions are the Authority's pension benefit expenses. No pension liability for this type of plan is included in the Authority's consolidated financial statements.

ii) Ontario Teacher's Pension Plan

Teachers are eligible to be members of Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Authority's consolidated financial statements.

Niagara Children's Centre School Authority

Notes to the Consolidated Financial Statements

August 31, 2020

5. Other employee future benefits

i) Sick leave top-up benefits

As a result of changes made in 2012-2013 to the short-term leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. Under the Ontario Ministry of Education memorandum 2013:SB12 Section 68 school authorities are not required to report this liability in the financial statements given the size of the boards and the actuarial expense that would be associated with the estimation of the liability.

ii) Workplace Safety and Insurance Board Obligations

The Authority is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Authority insures all claims by its injured workers under the Act. The Authority's insurance premiums for the year ended August 31, 2020 were \$14,902 (2019 - \$18,237) and are included in the Authority's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Authority's consolidated financial statements. The plan changes made in 2012 require School Authorities to provide salary top-up to a maximum of 4.5 years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

iii) Long-term disability life insurance and health care benefits

The Authority provides life insurance, dental and health care benefits to employees on long-term disability leave. The costs of premiums on these plans are shared with the employee on an agreed basis. The Authority provides its share of these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in the Authority's consolidated financial statements.

6. Expenses by object

The following is a summary of the reported on the consolidated statement of operations by object:

	2020 Budget	2020 Actual	2019 Actual
Expenses:			
Salary and wages	\$1,912,450	1,822,103	\$ 1,795,289
Employee benefits	386,900	327,467	359,304
Staff development	33,520	22,875	45,462
Supplies and services	273,665	338,418	241,537
Fees and contract services	823,250	757,570	729,399
Other	249,100	151,749	188,512
	<u>3,678,885</u>	<u>3,420,182</u>	<u>\$ 3,359,503</u>

Niagara Children's Centre School Authority

Notes to the Consolidated Financial Statements

August 31, 2020

7. COVID-19

As of March 11, 2020, the World Health Organization declared a global pandemic (the “pandemic”) as a result of the spread of COVID-19. Since that time, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Authority for future periods.