

Consolidated Financial Statements of

**NIAGARA CHILDREN'S CENTRE
SCHOOL AUTHORITY**

And Independent Auditors' Report thereon

Year ended August 31, 2022



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the consolidated financial statements of Niagara Children's Centre School Authority (the "School"), which comprise:

- the consolidated statement of financial position as at August 31, 2022;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the effects of 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 the School as at August 31, 2022, and its consolidated results of operations and its consolidated 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. Therefore, we were not able to determine whether any adjustments might be necessary to:

- the financial assets reported in the consolidated statements of financial position as at end of August 31, 2022
- the annual surplus reported in the consolidated statement of operations for the years ended August 31, 2022 and August 31, 2021



- the net assets, at the beginning and end of the year, reported in the consolidated statement of changes in net financial assets for the years ended August 31, 2022 and August 31, 2021
- the annual surplus reported in the consolidated statement of cash flows for the years ended August 31, 2022 and August 31, 2021

Our audit opinion on the consolidated financial statements for the year ended August 31, 2022 was modified accordingly, because of the possible effects of limitation in scope.

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 Consolidated Financial Statements section of our report.

We are independent of the School in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

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

Other Matter – Comparative Information

The financial statements for the year ended August 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on May 31, 2022 due to the matter described in the "Basis for 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the School'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 School or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the consolidated 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 consolidated 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 School'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 School'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 consolidated 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 School to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

December 8, 2022

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Consolidated Statement of Financial Position

August 31, 2022, with comparative figures for 2021

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 936,169	\$ 689,639
Accounts receivable	1,975	1,115
HST receivable	173,938	40,277
	<u>1,112,082</u>	<u>731,031</u>
Financial liabilities		
Accounts payable and accrued liabilities	\$ 1,029,589	\$ 648,538
Deferred revenue (note 2)	5,726	5,726
	<u>1,035,315</u>	<u>654,264</u>
Net financial assets	76,767	76,767
Non-financial assets	–	–
Accumulated surplus (note 3)	<u>\$ 76,767</u>	<u>\$ 76,767</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director _____ Director

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Consolidated Statement of Operations

Year ended August 31, 2022, with comparative figures for 2021

	Budget	2022	2021
Revenue:			
Provincial grants - Grants for Student Needs	\$ 4,079,900	\$ 3,817,713	\$ 3,617,920
Provincial grants – Other	–	–	1,332
Other fees and revenues	1,000	157	6,638
	<u>4,080,900</u>	<u>3,817,870</u>	<u>3,625,890</u>
Expenses:			
Instruction expenditures	2,621,050	2,493,901	2,472,421
Administration expenditures	234,900	191,795	167,104
Transportation expenditures	903,000	812,282	705,350
Pupil expenditures	251,300	257,746	224,616
Other expenditures	70,650	62,146	56,399
	<u>4,080,900</u>	<u>3,817,870</u>	<u>3,625,890</u>
Annual surplus	–	–	–
Accumulated surplus, beginning of year	76,767	76,767	76,767
Accumulated surplus, end of year	<u>\$ 76,767</u>	<u>\$ 76,767</u>	<u>\$ 76,767</u>

See accompanying notes to consolidated financial statements

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Consolidated Statement of Changes in Net Financial Assets

Year ended August 31, 2022, with comparative figures for 2021

	2022		2021	
Net financial assets, beginning of year	\$	76,767	\$	76,767
Annual surplus		–		–
Tangible capital asset activity		–		–
Other non-financial asset activity		–		–
Change in net financial assets		–		–
Net financial assets, end of year	\$	76,767	\$	76,767

See accompanying notes to consolidated financial statements

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative figures for 2021

	2022	2021
Cash provided by:		
Operating activities:		
Annual surplus	\$ -	\$ -
Change in non-cash working capital items:		
Accounts receivable	(860)	21,152
Accounts payable and accrued liabilities	381,051	214,331
HST payable/receivable	(133,661)	5,356
Deferred revenue	-	(6,088)
Increase in cash and cash equivalents	246,530	234,751
Cash and cash equivalents, beginning of year	689,639	454,888
Cash and cash equivalents, end of year	\$ 936,169	\$ 689,639

See accompanying notes to consolidated financial statements.

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Notes to Consolidated Financial Statements

Year ended August 31, 2022

Niagara Children's Centre School Authority (the "School") was established under the Education Act of Ontario and is one of six schools located in Children's Treatment Centres in Ontario. The School provides individualized education and therapeutic programming in small group settings to children and youth 4-21 years of age with multi- learning and physical exceptionalities.

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:

The 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) Basis of consolidation:

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

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

(c) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2022

1. Significant accounting policies (continued):

(d) Employee future benefits:

The School 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 School is required to remit a negotiated amount per full-time equivalency ("FTE") on a monthly basis to Ontario Non-union Education Trust ("ONE-T"). ONE-T provides health, life and dental benefits to the principal, 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. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN).

(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 other fees and revenue in the period earned.

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2022

1. Significant accounting policies (continued):

(h) Government grants:

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

(i) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget 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. The budget is first approved by the Trustees and then ratified by the Ministry of Education.

(j) Financial instruments:

The School measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The School subsequently measures all of its financial assets and financial liabilities at amortized cost.

(k) Use of estimates:

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are provisions for accrued liabilities.

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2022

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, 2022 is comprised of:

	August 31, 2021	Contributions received	Revenue recognized in the period	Adjustments	August 31, 2022
Other provincial grants	\$ 5,726	\$ —	\$ —	\$ —	\$ 5,726

3. Accumulated surplus:

Accumulated surplus consists of the following:

	2022	2021
Internally appropriated	\$ 76,767	\$ 76,767

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2022

4. Employee future benefits:

(a) Ontario Municipal Employees Retirement System ("OMERS"):

Non-teaching employees who are permanent full time employees of the School are eligible to be members of OMERS, a multi employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The School contributions equal the employee contributions to the plan. During the year ended August 31, 2022, the School contributed \$37,191 (2021 - \$43,021) to the plan. As this is a multi employer pension plan, these contributions are the School's pension benefit expenses. No pension liability for this type of plan is included in the School's consolidated financial statements.

(b) Ontario Teacher's Pension Plan

All teachers are required 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 School's consolidated financial statements.

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2022

5. Other employee benefits:

(a) 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.

(b) Workplace Safety and Insurance Board Obligations:

The School is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the School insures all claims by its injured workers under the Act. The School's insurance premiums for the year ended August 31, 2022 were \$11,371 (2021 - \$16,220) and are included in the School'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.

(c) Long term disability life insurance and health care benefits:

The School provides life insurance, dental and health care benefits to employees on long term disability leave. The costs of premiums on these plans are the responsibility of the employees. The School does not have any costs related to the insurance. The costs of salary compensation paid to employees on long term disability leave are fully insured and not included in the School's consolidated financial statements.

NIAGARA CHILDREN'S CENTRE SCHOOL AUTHORITY

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2022

6. Expenses by object:

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

	2022 Budget	2022 Actual	2021 Actual
Salary and wages	\$ 2,085,250	\$ 2,052,086	\$ 2,010,961
Employee benefits	374,600	371,649	352,736
Staff development	40,850	22,204	22,339
Supplies and services	324,850	326,899	299,539
Fees and contract services	1,045,850	912,012	774,636
Other	209,500	133,020	165,679
	\$ 4,080,900	\$ 3,817,870	\$ 3,625,890

7. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place by the Federal Government which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

At the time of approval of these consolidated financial statements, the impact of COVID-19 does not present material uncertainty over future cash flows, changes to the assets or liabilities and impact on future operations of the School.