

Financial Statements of

**BLOORVIEW SCHOOL AUTHORITY**

Year ended August 31, 2018

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

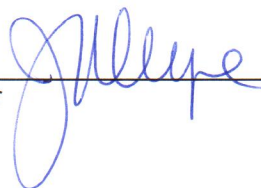
The accompanying financial statements of Bloorview School Authority (the "Authority") are the responsibility of the Authority's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in note 1 to the financial statements.

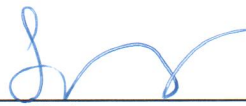
The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Authority meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Board of Trustees' approval of the financial statements.

These financial statements have been audited by KPMG LLP, Chartered Professional Accountants, independent external auditors appointed by the Authority. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

Chair 

Vice-Chair 

December 4, 2018



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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Bloorview School Authority

We have audited the accompanying financial statements of Bloorview School Authority, which comprise the statement of financial position as at August 31, 2018, the statements of operations and accumulated surplus, changes in net financial 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 the basis of accounting described in note 1 to the financial statements, 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 the 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.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bloorview School Authority as at August 31, 2018 and its results of operations and accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements.

*Emphasis of Matter*

Without modifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

December 4, 2018  
Vaughan, Canada

# BLOORVIEW SCHOOL AUTHORITY


## Statement of Financial Position


August 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial Assets</b>		
Cash	\$ 693,921	\$ 656,560
Investments (note 2)	910,816	886,832
Amounts receivable	124,246	116,197
Due from Holland Bloorview Kids Rehabilitation Hospital	38,092	35,946
	<u>1,767,075</u>	<u>1,695,535</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	789,484	658,685
Province of Ontario payable	79,286	180,994
	<u>868,770</u>	<u>839,679</u>
Net financial assets	898,305	855,856
Non-financial assets:		
Prepaid expenses	1,248	27,108
Lease and services commitment (note 8)		
Accumulated surplus (note 9)	<u>\$ 899,553</u>	<u>\$ 882,964</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# BLOORVIEW SCHOOL AUTHORITY

## Statement of Operations and Accumulated Surplus

Year ended August 31, 2018, with comparative information for 2017

	Budget (Unaudited)	2018 Actual	2017 Actual
<b>Revenue:</b>			
Provincial legislative grants	\$ 7,211,733	\$ 7,211,733	\$ 6,662,632
Expense recoveries	–	49,955	62,319
Interest income	–	10,170	9,062
School fundraising activities	–	23,302	19,173
Recovery - Province of Ontario	–	(79,286)	(180,994)
Provincial grant	–	134,590	–
	<u>7,211,733</u>	<u>7,350,464</u>	<u>6,572,192</u>
<b>Expenditures:</b>			
Instruction (note 6)	6,423,308	6,450,144	5,801,820
Administration (note 6)	379,884	384,020	360,203
Pupil accommodation (note 6)	408,541	434,515	381,934
Other (note 6)	–	48,313	–
School funded activities	–	883	4,995
Scholarships	–	16,000	9,740
	<u>7,211,733</u>	<u>7,333,875</u>	<u>6,558,692</u>
Annual surplus	–	16,589	13,500
Accumulated surplus, beginning of year	882,964	882,964	869,464
<b>Accumulated surplus, end of year</b>	<b>\$ 882,964</b>	<b>\$ 899,553</b>	<b>\$ 882,964</b>

See accompanying notes to financial statements.

# BLOORVIEW SCHOOL AUTHORITY

## Statement of Changes in Net Financial Assets

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 16,589	\$ 13,500
Changes in prepaid expenses	25,860	40,987
Increase in net financial assets	42,449	54,487
Net financial assets, beginning of year	855,856	801,369
Net financial assets, end of year	\$ 898,305	\$ 855,856

See accompanying notes to financial statements.

# BLOORVIEW SCHOOL AUTHORITY

## Statement of Cash Flows

Year ended August 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 16,589	\$ 13,500
Change in non-cash financial assets and financial liabilities:		
Amounts receivable	(8,049)	22,762
Prepaid expenses	25,860	40,987
Due from Holland Bloorview Kids Rehabilitation Hospital	(2,146)	(21,505)
Accounts payable and accrued liabilities	130,799	(97,910)
Province of Ontario payable	(101,708)	(128,761)
	61,345	(170,927)
Investing activities:		
Change in investments	(23,984)	(7,818)
Increase (decrease) in cash	37,361	(178,745)
Cash, beginning of year	656,560	835,305
Cash, end of year	\$ 693,921	\$ 656,560

See accompanying notes to financial statements.



# BLOORVIEW SCHOOL AUTHORITY

Notes to Financial Statements

Year ended August 31, 2018

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Bloorview School Authority (the "Authority") was established on January 1, 1998 under Section 68 of the Education Act. The role of the Authority is to provide education to children with special needs and disabilities. The Authority provides services to children and teens who are clients of Holland Bloorview Kids Rehabilitation Hospital. Additionally, the Authority provides professional learning and consultative support to district school boards. The power and duties of the Authority are the same as those of a public district school board for elementary and secondary school purposes under subsection 68(3) of the Education Act.

## 1. Significant accounting policies:

The financial statements are prepared by management in accordance with the basis of accounting described below.

### (a) Basis of accounting:

These financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 ("Regulation 395/11") of the Financial Administration Act.

The Financial Administration Act requires that the financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with the year ended August 31, 2004 and that changes may be required to the application of these standards as a result of the regulation.

In 2011, the government passed Regulation 395/11. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue. The Authority does not have depreciable assets or property tax revenue.

# BLOORVIEW SCHOOL AUTHORITY

Notes to Financial Statements (continued)

Year ended August 31, 2018

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## 1. Significant accounting policies (continued):

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- (i) government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- (ii) externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- (iii) property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and accumulated surplus would be recorded differently under Canadian public sector accounting standards.

### (b) Investments:

Investments consist of guaranteed investment certificates which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the statement of financial position at the lower of cost or market value.

Long-term investments consist of investments that have maturities of more than one year. Long-term investments are recorded at cost, and assessed regularly for permanent impairment.

### (c) Reserves and reserve funds:

Certain amounts, as approved by the Authority's trustees (the "Trustees"), are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

# BLOORVIEW SCHOOL AUTHORITY

Notes to Financial Statements (continued)

Year ended August 31, 2018

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## 1. Significant accounting policies (continued):

### (d) Investment income:

Investment income earned on surplus operating funds, capital funds, reserves and reserve funds is reported as revenue in the year earned.

### (e) Government transfers:

Government transfers, which include legislative grants and local taxation, are recognized in the financial statements in the year 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 amounts 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.

### (f) Budget figures:

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

### (g) Use of estimates:

The preparation of financial statements in conformity with the basis of accounting described in note 1(a) 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.

# BLOORVIEW SCHOOL AUTHORITY

Notes to Financial Statements (continued)

Year ended August 31, 2018

## 2. Investments:

Investments consist of guaranteed investment certificates. The investments are carried on the statement of financial position at the lower of cost or fair value and consist of the following:

2018:

Issue date	Maturity date	Interest rate	Principal amount
April 11, 2018	April 15, 2019	2.00%	\$ 562,571
August 16, 2018	August 16, 2019	2.00%	348,245
			<u>\$ 910,816</u>

2017:

Issue date	Maturity date	Interest rate	Principal amount
October 1, 2015	October 2, 2017	1.40%	\$ 543,734
August 14, 2017	August 16, 2018	1.50%	343,098
			<u>\$ 886,832</u>

## 3. Retirement benefits:

(a) Ontario Teachers' Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teachers' 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 financial statements.

# BLOORVIEW SCHOOL AUTHORITY

Notes to Financial Statements (continued)

Year ended August 31, 2018

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## **3. Retirement benefits (continued):**

### (b) Ontario Municipal Employees Retirement System:

Non-teaching employees of the 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's contributions equal the employees' contributions to the plan. During the year ended August 31, 2018, the Authority contributed \$125,745 (2017 - \$120,512) to the plan. As this is a multi-employer pension plan, these contributions are the Authority's pension benefit expenditure and are included in the respective expenditure categories in note 6.

No pension liability for this type of plan is included in the Authority's financial statements.

## **4. Workplace Safety and Insurance Board obligations:**

The Authority is a Schedule 1 employer under the Workplace Safety and Insurance Act (the "Act") and as such the Authority insures all claims by its injured workers under the Act. The Authority's insurance premiums are included in the current year's benefit costs. No liabilities for claims by its injured workers under the Act are included in the Authority's financial statements.

## **5. 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 Authority is responsible for the payment of life insurance premiums and the costs of health-care benefits under this plan. The Authority provides 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 included in this plan.

# BLOORVIEW SCHOOL AUTHORITY

Notes to Financial Statements (continued)

Year ended August 31, 2018

## 6. Expenditures by object in operating fund:

The following is a summary of the current expenditures reported on the statement of operations and accumulated surplus by object:

	2018	2017
Salaries and wages	\$ 5,350,414	\$ 4,818,751
Benefits	963,270	837,758
Rental	390,241	381,254
Supplies and services	186,356	149,154
Fees and contract services	158,874	151,620
Special equipment amount	123,733	170,068
Other	107,059	14,792
Staff development	37,045	20,560
	<u>\$ 7,316,992</u>	<u>\$ 6,543,957</u>

## 7. Ontario School Board Insurance Exchange:

The Authority is a member of the Ontario School Board Insurance Exchange ("OSBIE"), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks.

## 8. Lease and services commitment:

The Authority is committed to payments for the use of facilities and finance and payroll services in the amount of \$473,418 for the period from September 1, 2018 to June 30, 2019.

## 9. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Capital Fund	\$ 144,931	\$ 148,618
Reserve Fund	502,820	504,963
School Activities Fund	251,802	229,383
	<u>\$ 899,553</u>	<u>\$ 882,964</u>