

Bloorview School Authority

Financial Statements

August 31, 2013

October 25, 2013

Management's Report

To the Board of Trustees of Bloorview School Authority

The accompanying financial statements of Bloorview School Authority (the Authority) are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies is described in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, 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 auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

These financial statements have been audited by PricewaterhouseCoopers LLP, the independent external auditor appointed by the Authority. The accompanying independent auditor's report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.



Chair



Vice-Chair



October 25, 2013

Independent Auditor's Report

To the Board of Trustees of Bloorview School Authority

We have audited the accompanying financial statements of Bloorview School Authority, which comprise the balance sheet as at August 31, 2013 and the statements of operations, net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions described in note 2 to the financial statements.

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 2 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.

Auditor's 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 the auditor's 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, the auditor considers 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 of Bloorview School Authority for the year ended August 31, 2013 present fairly, in all material respects, the financial position of Bloorview School Authority as at August 31, 2013 and the results of its operations and changes in its net debt and cash flows for the year then ended in accordance with the basis of accounting described in note 2 to the financial statements.

Basis of accounting

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Bloorview School Authority to meet the requirements of the Ontario Ministry of Education. As a result, the financial statements may not be suitable for another purpose.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

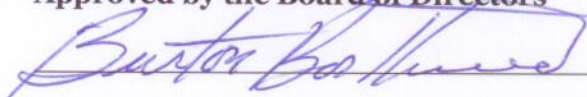
Bloorview School Authority

Balance Sheet

As at August 31, 2013

| | 2013 \$ | 2012 \$ |
|---|------------------|------------------|
| Financial assets | | |
| Cash | 635,724 | 928,691 |
| Investments (note 3) | 1,264,648 | 1,240,587 |
| Amounts receivable | 211,749 | 75,023 |
| Due from Holland Bloorview Kids Rehabilitation Hospital | 107,563 | 264,221 |
| | <u>2,219,684</u> | <u>2,508,522</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 516,034 | 63,835 |
| Province of Ontario payable | 837,995 | 1,592,572 |
| | <u>1,354,029</u> | <u>1,656,407</u> |
| Net financial assets (debt) | 865,655 | 852,115 |
| Non-financial assets | | |
| Prepaid expenses | 2,624 | 5,772 |
| Accumulated surplus (note 11) | <u>868,279</u> | <u>857,887</u> |
| Commitments and contingencies (note 9) | | |

Approved by the Board of Directors

 Director

 Director

The accompanying notes are an integral part of these financial statements.

Bloorview School Authority

Statement of Operations

For the year ended August 31, 2013

| | 2013 | 2012 |
|--|------------------|------------------|
| | Budget | Actual |
| | \$ | \$ |
| | (Unaudited) | Actual |
| | | \$ |
| Revenue | | |
| Provincial legislative grants | 6,204,524 | 6,204,524 |
| Expense recoveries | - | 35,180 |
| Interest income | - | 21,182 |
| School fundraising activities | - | 5,334 |
| Recovery - Province of Ontario | - | (334,448) |
| Other income (note 10) | - | - |
| | <u>6,204,524</u> | <u>5,931,772</u> |
| | | <u>6,004,423</u> |
| Expenditures | | |
| Instruction (note 7) | 5,401,441 | 5,075,646 |
| Administration (note 7) | 480,963 | 501,204 |
| Pupil accommodation (note 7) | 322,120 | 338,450 |
| School funded activities | - | 1,080 |
| Scholarships | - | 5,000 |
| | <u>6,204,524</u> | <u>5,921,380</u> |
| | | <u>5,989,308</u> |
| Annual surplus | - | 10,392 |
| Accumulated surplus - Beginning of year | <u>857,887</u> | <u>857,887</u> |
| Accumulated surplus - End of year | <u>857,887</u> | <u>868,279</u> |

The accompanying notes are an integral part of these financial statements.

Bloorview School Authority

Statement of Net Debt

For the year ended August 31, 2013

| | 2013 | 2012 |
|--|-------------|-------------|
| | \$ | \$ |
| Annual surplus | 10,392 | 15,115 |
| Net utilization (acquisition) of prepaid expenses | 3,148 | (3,613) |
| Increase in net financial assets (debt) during the year | 13,540 | 11,502 |
| Net financial assets (debt) - Beginning of year | 852,115 | 840,613 |
| Net financial assets (debt)- End of year | 865,655 | 852,115 |

The accompanying notes are an integral part of these financial statements.

Bloorview School Authority

Statement of Cash Flows

For the year ended August 31, 2013

| | 2013 \$ | 2012 \$ |
|---|------------|------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Annual surplus | 10,392 | 15,115 |
| Increase (decrease) in | | |
| Amounts receivable | (133,578) | 2,903 |
| Accounts payable and accrued liabilities | 452,199 | (3,571) |
| Province of Ontario payable | (754,577) | 437,009 |
| Due from Holland Bloorview Kids Rehabilitation Hospital | 156,658 | (6,164) |
| | <hr/> | <hr/> |
| | (268,906) | 445,292 |
| Investing activities | | |
| Increase in investments | <hr/> | <hr/> |
| | (24,061) | (12,066) |
| Change in cash during the year | (292,967) | 433,226 |
| Cash - Beginning of year | <hr/> | <hr/> |
| | 928,691 | 495,465 |
| Cash - End of year | <hr/> | <hr/> |
| | 635,724 | 928,691 |

The accompanying notes are an integral part of these financial statements.

Bloorview School Authority

Notes to Financial Statements

August 31, 2013

1 Purpose of the organization

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.

2 Summary of significant accounting policies

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

Basis of accounting

These financial statements have been prepared in accordance with Ontario Regulation 196/10, which requires school boards to comply with all regulations, policies, guidelines, directives and similar instruments. In 2004, a directive was provided by the Ontario Ministry of Education (the Ministry) within memorandum 2004:B2 requiring school boards to adopt public sector accounting standards established by the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants (CICA).

In March 2011, the PSAB released a new public sector accounting standard, PS 3410, Government Transfers. The Ministry provided direction on the adoption of this new standard in memorandum 2011:BO8. This required the implementation of PS 3410 on a retroactive basis. There has been no effect on these financial statements because of these changes.

The Ministry direction requires school boards to record a liability (deferred capital contribution) equal to the amount of the net book value of the depreciable assets at September 1, 2010 that have been Ministry approved. This direction, therefore, results in property tax revenue, which was used to acquire or construct depreciable capital assets prior to 1998 when school boards ceased to have taxing authority, being afforded the same treatment as government capital grants, which is to recognize related revenue over the remaining useful life of the asset. Under the public sector accounting standards, property tax revenue should be recorded as revenue when received or receivable in accordance with PS 3510, Tax Revenue. The Authority does not have any depreciable assets or property tax revenue.

These financial statements have been prepared in accordance with the financial reporting framework described above.

Reporting entity

The financial statements reflect the assets, liabilities, revenue, expenditures and fund balances of the reporting entity. The reporting entity includes all organizations controlled by the Authority.

Bloorview School Authority

Notes to Financial Statements

August 31, 2013

Cash

Cash comprises cash on hand and demand deposits.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in revenue in the period in which they become known.

Reserves and reserve funds

Certain amounts, as approved by the Authority's 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.

Investment income

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

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.

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. Given the differences between the funding model and generally accepted accounting principles for local governments established by the PSAB, the budget figures presented have been adjusted to conform with this basis of accounting used to prepare the financial statements. The budget figures are unaudited.

Bloorview School Authority

Notes to Financial Statements

August 31, 2013

3 Investments

Investments consist of guaranteed investment certificates with maturities between three months and one year from the date of acquisition. The investments are carried on the balance sheet at the lower of cost or fair value, and consist of the following:

| | | | 2013 |
|--------------------|--------------------|--------------------|---------------------------|
| Issue date | Maturity date | Interest rate % | Principal amount \$ |
| September 19, 2012 | September 19, 2013 | 1.60 | 262,182 |
| October 1, 2012 | October 1, 2013 | 1.60 | 518,448 |
| November 8, 2012 | November 8, 2013 | 1.50 | 473,421 |
| October 25, 2012 | October 27, 2014 | 1.50 | 10,597 |
| | | | <hr/> 1,264,648 <hr/> |
| | | | 2012 |
| Issue date | Maturity date | Interest rate % | Principal amount \$ |
| September 15, 2010 | September 17, 2012 | 2.10 | 251,479 |
| September 29, 2011 | October 1, 2012 | 1.20 | 512,268 |
| November 7, 2011 | November 7, 2012 | 1.45 | 466,654 |
| October 25, 2010 | October 25, 2012 | 2.00 | 10,186 |
| | | | <hr/> 1,240,587 <hr/> |

4 Retirement benefits

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.

Retirement life insurance and health-care benefits

The Authority provides a small amount of paid-up life insurance coverage to employees on attainment of the age of 65 or on retirement at an earlier date. The amount of coverage is determined as 300 times the number of completed years of service at retirement, by a maximum of \$4,500 of coverage for the remaining life of the retiree.

Bloorview School Authority

Notes to Financial Statements

August 31, 2013

The benefit is provided through the group life insurance program where premiums for the benefit are included in the active life premiums, for which the Authority is fully responsible. No premiums are payable after retirement by the Authority or the retiree for these benefits. However, the Authority is unable to ascertain the portion of premiums that applies to the prepayment of post-retirement benefits.

This benefit is pre-funded while the employee is working through the purchase of a group life insurance policy that contains a paid-up benefit provision at retirement. A fully paid-up life insurance policy, for the appropriate amount of life coverage, is issued by the insurer to the employee on retirement. There are no further premiums paid with respect to these policies by the Authority or the employee.

The Authority, therefore, has no liability for existing retirees and has transferred the accrued liability for the active lives to the insurance company. The current period benefit cost with respect to this benefit is the insurance premium the Authority pays for the benefit to the insurer while the employee is active, and for the current year the Authority will determine the cost.

There is no continuation of benefits provided by the Authority while employees are on long-term disability and there is no other access to other group benefits following retirement.

5 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.

6 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

August 31, 2013

7 Expenditures by object in operating fund

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

| | 2013 \$ | 2012 \$ |
|----------------------------|-----------------|-----------------|
| Salary and wages | 4,471,938 | 4,425,672 |
| Benefits | 736,724 | 709,400 |
| Staff development | 16,451 | 15,410 |
| Supplies and services | 108,011 | 310,269 |
| Rental | 350,464 | 316,938 |
| Fees and contract services | 159,369 | 129,686 |
| ISA equipment | 72,343 | 75,896 |
| | <hr/> 5,915,300 | <hr/> 5,983,271 |

8 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.

9 Lease commitment

The Authority is committed to payments for the use of facilities and finance and payroll services in the amount of \$412,559 for the period from September 1, 2013 to June 30, 2014.

10 Other income

During the year ended August 31, 2012, the Authority received \$900,247 in connection with a legal action settlement.

11 Accumulated surplus

Accumulated surplus consists of the following:

| | 2013 \$ | 2012 \$ |
|------------------------|---------------|---------------|
| Operating Fund | - | - |
| Capital Fund | 167,770 | 171,079 |
| Reserve Fund | 514,286 | 507,054 |
| School Activities Fund | 186,223 | 179,754 |
| | <hr/> 868,279 | <hr/> 857,887 |