

Bloorview School Authority

Financial Statements
August 31, 2016



December 6, 2016

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, 2016 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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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bloorview School Authority as at August 31, 2016 and the results of its operations, change 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 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

December 6, 2016

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 Chartered Professional Accountants of Canada. 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.

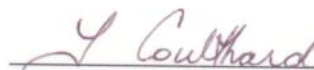
The Authority meets with management and the external auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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



Bloorview School Authority

Balance Sheet

As at August 31, 2016

	2016 \$	2015 \$
Financial assets		
Cash		
Investments (note 3)	835,305	917,632
Amounts receivable	879,014	865,171
Due from Holland Bloorview Kids Rehabilitation Hospital	138,959	135,494
	14,441	48
	<u>1,867,719</u>	<u>1,918,345</u>
Liabilities		
Accounts payable and accrued liabilities	756,595	659,168
Province of Ontario payable	309,755	415,391
	<u>1,066,350</u>	<u>1,074,559</u>
Net financial assets	801,369	843,786
Non-financial assets		
Prepaid expenses	68,095	34,145
Accumulated surplus (note 10)	869,464	877,931
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, 2016

	2016		2015
	Budget \$ (Unaudited)	Actual \$	Actual \$
Revenue			
Provincial legislative grants	6,529,840	6,529,840	6,337,890
Expense recoveries	-	46,751	11,949
Interest income	-	9,082	13,527
School fundraising activities	-	7,168	28,867
Recovery - Province of Ontario	-	(309,755)	(415,391)
Provincial grant	-	5,633	1,750
	6,529,840	6,288,719	5,978,592
Expenditures			
Instruction (note 7)	5,865,215	5,548,980	5,164,249
Administration (note 7)	294,604	383,465	436,951
Pupil accommodation (note 7)	370,021	340,023	334,998
School funded activities	-	16,718	11,981
Scholarships	-	8,000	8,000
Other	-	-	5,000
	6,529,840	6,297,186	5,961,179
Annual surplus (deficit)	-	(8,467)	17,413
Accumulated surplus - Beginning of year	877,931	877,931	860,518
Accumulated surplus - End of year	877,931	869,464	877,931

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

Bloorview School Authority

Statement of Net Debt

For the year ended August 31, 2016

	2016 \$	2015 \$
Annual surplus (deficit)	(8,467)	17,413
Net acquisition of prepaid expenses	(33,950)	(5,772)
Increase (decrease) in net financial assets during the year	(42,417)	11,641
Net financial assets - Beginning of year	843,786	832,145
Net financial assets - End of year	801,369	843,786

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

Bloorview School Authority

Statement of Cash Flows

For the year ended August 31, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	(8,467)	17,413
Increase (decrease) in		
Amounts receivable	(37,415)	(11,706)
Due from Holland Bloorview Kids Rehabilitation Hospital	(14,393)	4,892
Accounts payable and accrued liabilities	97,427	(77,485)
Province of Ontario payable	(105,636)	181,719
	(68,484)	114,833
Investing activities		
Change in investments	(13,843)	152,692
Change in cash during the year	(82,327)	267,525
Cash - Beginning of year	917,632	650,107
Cash - End of year	835,305	917,632

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

Bloorview School Authority

Notes to Financial Statements

August 31, 2016

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 the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario 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 regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. 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.

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.

Bloorview School Authority

Notes to Financial Statements

August 31, 2016

Investment income

Investment income earned on surplus operating funds, capital funds, reserves and reserve funds is 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 to this basis of accounting used to prepare the financial statements. The budget figures are unaudited.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue 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.

3 Investments

Investments consist of guaranteed investment certificates with maturities between three months and two years 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:

			2016
Issue date	Maturity date	Interest rate %	Principal amount \$
October 1, 2015	October 2, 2017	1.40	543,734
November 10, 2015	November 10, 2016	1.35	335,280
			<hr/> 879,014 <hr/>

Bloorview School Authority

Notes to Financial Statements

August 31, 2016

			2015
Issue date	Maturity date	Interest rate %	Principal amount \$
October 1, 2014	October 1, 2015	1.60	535,171
November 10, 2014	November 10, 2015	1.60	330,000
			<u>865,171</u>

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.

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, 2016, the Authority contributed \$116,256 (2015 - \$114,068) to the plan. As this is a multi-employer pension plan, these contributions are the Authority's pension benefit expenses and are included in the respective expense categories in note 7. No pension liability is 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.

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.

Bloorview School Authority

Notes to Financial Statements

August 31, 2016

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.

7 Expenditures by object in operating fund

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

	2016	2015
	\$	\$
Salary and wages	4,617,523	4,423,390
Benefits	809,609	745,568
Staff development	24,421	25,596
Supplies and services	143,036	97,810
Rental	354,528	346,704
Fees and contract services	166,557	170,159
ISA equipment	156,795	126,971
	<u>6,272,469</u>	<u>5,936,198</u>

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.

Bloorview School Authority

Notes to Financial Statements

August 31, 2016

9 Lease and services commitment

The Authority is committed to payments for the use of facilities and finance and payroll services in the amount of \$458,049 for the period from September 1, 2016 to June 30, 2017.

10 Accumulated surplus

Accumulated surplus consists of the following:

	2016 \$	2015 \$
Operating Fund	-	-
Capital Fund	151,292	157,178
Reserve Fund	502,967	495,998
School Activities Fund	215,205	224,755
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	869,464	877,931
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