John McGivney Children's Centre School Authority

Financial Statements

For the year ended August 31, 2023

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Contents

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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying financial statements of the John McGivney Children's Centre School Authority are the responsibility of the School 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.

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.

School Authority 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 consolidated financial statements. These systems are monitored and evaluated by management.

The School 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 their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the School Authority. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the School Authority's financial statements.

Principal

Business Administrator

March 19, 2024
Windsor, Ontario

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Independent Auditor's Report

To the Trustees of the
John McGivney Children's Centre School Authority

Opinion

We have audited the financial statements of John McGivney Children's Centre School Authority (the "School Authority"), which comprise the statement of financial position as at August 31, 2023, the statement of operations and accumulated deficit, the statement of changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School Authority as at August 31, 2023 and its results of operations and accumulated deficit and its net debt and cash flows and for the year ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation 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.

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

Those charged with governance are responsible for overseeing the Authority'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 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 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 Authority'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 Authority'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 Authority to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Authority to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Windsor, Ontario
March 19, 2024

John McGivney Children's Centre School Authority

Statement of Financial Position

August 31,	2023	2022
Financial assets		
Cash and cash equivalents	$1,457,051	$ 1,586,258
Accounts receivable	32,607	39,427
	1,489,658	1,625,685
Financial liabilities		
Accounts payable and accrued liabilities	1,481,935	1,616,069
Employee future benefits obligation (Note 3)	33,488	74,085
Deferred revenue (Note 5)	26,482	24,600
	1,541,905	1,714,754
Net debt	(52,247)	(89,069)
Non-financial assets		
Prepaid expenses	18,759	15,571
Accumulated deficit (Note 4)	$ (33,488)	$ (73,498)

Signed on Behalf of the Trustees

Trustee

Trustee

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

John McGivney Children's Centre School Authority

Statement of Operations and Accumulated Deficit

For the year ended August 31,	(Unaudited) Budget 2023	2023	2022
Revenues			
Government of Ontario (Note 7)	$ 3,699,133	$3,357,639	$ 3,037,313
Other revenue	-	75,984	5,731
	3,699,133	3,433,623	3,043,044
Expenditures (Note 6)			
Instruction (Note 7)	2,528,454	2,349,128	2,167,091
Transportation	739,991	603,526	538,066
Administration	211,887	231,012	172,290
School operations and maintenance	218,801	209,558	178,372
Other expenses	-	389	512
	3,699,133	3,393,613	3,056,331
Annual surplus (deficit)	-	40,010	(13,287)
Accumulated deficit, beginning of year	-	(73,498)	(60,211)
Accumulated deficit, end of year	$ -	$ (33,488)	$ (73,498)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

John McGivney Children's Centre School Authority

Statement of Cash Flows

For the year ended August 31,	2023	2022
Operations		
Annual surplus (deficit)	$ 40,010	$ (13,287)
Sources and (uses):		
Non-cash items:		
Accounts receivable	6,820	(9,439)
Accounts payable and accrued liabilities	(134,134)	892,041
Employee future benefit obligation	(40,597)	-
Deferred revenue	1,882	(1,000)
Prepaid expenses	(3,188)	31,763
Change in cash and equivalents	(129,207)	900,078
Cash and equivalents, beginning of year	1,586,258	686,180
Cash and equivalents, end of year	$1,457,051	$ 1,586,258

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

John McGivney Children's Centre School Authority

Statement of Change in Net Debt

For the year ended August 31,	2023	2022
Annual surplus (deficit)	$ 40,010	$ (13,287)
Acquisition of prepaid expenses	(18,759)	(15,571)
Use of prepaid expenses	15,571	47,334
Change in net debt	36,822	18,476
Net debt, beginning of year	(89,069)	(107,545)
Net debt, end of year	$ (52,247)	$ (89,069)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

1. Significant accounting policies

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

(a) Basis of accounting

The financial statements have been prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Professional Accountants of Canada. The financial statements are the representations of management. Revenues and expenses 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 acquired in the period whether or not payment has been made or invoices received.

(b) Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity.

(c) 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 expenses are incurred or services performed.

(d) Income taxes

Effective May 5, 2017, the School Authority become a qualified donee under the Income Tax Act and accordingly is exempt from income taxes.

(e) Government transfers

Government transfers, which include legislative grants, are recognized in the 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.

(f) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business.

1. Significant accounting policies (continued)

(g) Retirement and other employee future benefits

The School Authority provides defined retirement and other future benefits to specified employee groups. These benefits include health care benefits and retirement gratuities. The School Authority accrues its obligation for these employee benefits.

The School Authority has adopted the following policies with respect to accounting for these employee benefits:

(i)The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimates of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days (if applicable) and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

1. Significant accounting policies (continued)

(ii)As a 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 Health Trusts (ELHT's) were established in 2016-17: ETFO.

For non-unionized staff, the following ELHT was established: ONE-T. This trust also provides benefits to principals and vice-principals.

The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers) and other School Authority staff (excluding casual and temporary staff). The benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. The School Authority is no longer responsible to provide certain benefits to:

Group	Effective Date
ETFO - Teacher	April 1, 2017
Principals and Vice Principals	April 1, 2018
Non-Bargaining Employee	June 1, 2018

Upon transition of employees' health, life and dental benefits to the ELHTs, the School Authority is required to remit provincially negotiated amounts per full-time equivalency (FTE) on a monthly basis to the plan administrators. Funding for the ELHTs is based on existing benefits funding embedded within Ministry of Education Grants, additional ministry funding in the form of a Crown contribution as well as a Stabilization Adjustment.

(iii)For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for long-term disability and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(iv)The costs of multi-employer defined pension plans, such as the Ontario Municipal Employees Retirement System pension, are the employer's contributions due to the plan in the period.

(v)The costs for insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

(h) 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 legislative requirements, centrally bargained agreements, local collective agreements and Government of Ontario directives impacting S.68 School Authorities.

1. Significant accounting policies (continued)

(i) Use of estimates

The preparation of financial statements in conformity with the Canadian public sector accounting standards 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 revenues and expenses during the year. Actual results could differ from these estimates.

2. Credit facility

The School Authority has available an operating line of credit with its banker to a maximum of $200,000 bearing interest at the bank's prime rate. The credit line is unused at year end (2022 - $200,000).

3. Retirement and other employee future benefits

Employee Future Benefits:

Employee future benefit obligations are future liabilities of the School Authority to its employees and retirees for benefits earned but not taken as at August 31, 2023 and consist of the following:

	2023	2022
	Total Retirement Gratuity Benefits	Total Retirement Gratuity Benefits
Accrued benefit obligations, beginning of year	$ 74,085	$ 74,085
Benefit payments	(40,597)	-
Accrued benefit obligations, end of year	$ 33,488	$ 74,085

3. Retirement and other employee future benefits (continued)

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on the actuarial valuations completed for accounting purposes as at August 31, 2012. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuation are the School Authority's best estimates of expected rates of:

	2023 (%)
Inflation	2
Wage and salary escalation	-
Health care cost escalation	9
Dental cost	5
Discount rate	3

Retirement benefits

(i) Retirement gratuity benefits

The School Authority provides retirement gratuity benefits to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012. The School Authority provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the School Authority's financial statements. Effective September 1, 2013, employees retiring on or after this date will no longer qualify for subsidized premiums or contributions.

(ii) Ontario Teachers' Pension Plan

The teachings staff 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 School Authority's financial statements.

3. Retirement and other employee future benefits (continued)

(iii) Ontario Municipal Employees Retirement System

All non-teaching employees of the School Authority are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to qualifying employees based on their length of service and rate of pay. The School Authority contributions equal the employee contributions to the plan, and contribution rates are directed by OMERS. As of December 31, 2022 the funded ratio for the OMERS plan was 95% (2022 - 97%). During the year ended August 31, 2023, the School Authority contributed $52,914 (2022 - $45,087) to the plan. As this is a multi-employer pension plan, these contributions are the School Authority's pension benefit expenses. No pension liability for this type of plan is included in the School Authority's financial statements.

Other employee future benefits

(i) Workplace Safety and Insurance Board Obligations

The School Authority is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the School Authority insures all claims by its injured workers under the Act. The School Authority's insurance premiums for the year ended August 31, 2023 were $8,690 (2022 - $7,743) and are included in the School Authority's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the School Authority's financial statements.

(ii) Long-term disability employee benefits

The School Authority provides dental and health care benefits to employees on long-term disability leave or receiving WSIB benefits. The School Authority pays for its share of employee benefit premiums under this plan. The School 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 not included in this plan.

Since there were no employees receiving these benefits at August 31, 2023 there is no liability or expense with respect to this benefit in the reporting period.

4. Accumulated deficit

Accumulated deficit consists of individual fund balances as follows:

	2023	2022
Deficit:		
School activities fund	$ -	$ 587
Amounts to be recovered in future years	(33,488)	(74,085)
	$ (33,488)	$ (73,498)

5. Deferred revenue

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Statement of Financial Position.

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at August 31, 2023 is comprised of:

	Balance as at August 31 2022	Externally restricted revenue received	Revenue recognized in the period	Balance as at August 31 2023
Grants	$ 5,000	$ -	$ -	$ 5,000
Donations	19,600	2,634	(752)	21,482
Total deferred revenue	$ 24,600	$ 2,634	$ (752)	$ 26,482

6. Expenses by object

The following is a summary of the expenses reported on the Statement of Operations by object:

	(Unaudited) Budget 2023	Actual 2023	Actual 2022
Expenses			
Salary and wages	$ 2,007,447	$ 1,825,236	$ 1,668,649
Fees and contractual services	1,092,635	944,765	815,257
Employee benefits	384,744	355,217	296,822
Other expenses	129,684	101,786	56,713
Supplies and services	61,104	133,314	185,475
Staff development	13,989	24,910	23,018
Rental expenditures	9,530	7,995	9,885
School funded activities	-	388	512
	$ 3,699,133	$ 3,393,611	$ 3,056,331

7. In-kind transfers from the Ministry of Government and Consumer Services

The School Authority has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the School Authority's records. The in-kind revenue recorded for these transfers is $81,491 (2022 - $130,904) with expenses based on use of $81,491 (2022 - $130,904) for a net impact of $nil.

8. Subsequent events

Effective June 2019, the Province of Ontario enacted Bill 124 "Protecting a Sustainable Public Sector for Future Generations Act, 2019". This legislation limited compensation increases to 1.0% per year for a three-year moderation period for both unionized and non-unionized employees in the Ontario public sector. The starting dates of the moderation period varied across entities and employee groups. On November 29, 2022, the Ontario Superior Court of Justice struck down Bill 124, finding it unconstitutional and declaring it to be "void and of no effect". On December 29, 2022, the Ontario Government filed a Notice of Appeal with the Ontario Court of Appeal. Subsequent to the year end, the unions and the Ministry of Education have been working on the terms of the contract. There have been no estimates or accruals made within these financial statements relating to this amount.

9. Comparative amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.