

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

Financial Statements
for the Year Ended March 31, 2022
and Independent Auditor's Report to the Board of Trustees

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.
FINANCIAL STATEMENTS
MARCH 31, 2022

CONTENTS

Independent Auditor's Report to the Board of Trustees.....	1 - 2
Statement of Income and Fund Balances.....	3
Statement of Financial Position.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements.....	6 - 12



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees of
Niagara Training & Employment Agency Inc.:**

Opinion

We have audited the accompanying financial statements of Niagara Training & Employment Agency Inc. (the Agency), which comprise the statement of financial position as at March 31, 2022 and the statements of income and fund balances and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Financial Statements section of our report. We are independent of the Agency 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 in our audit 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 and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Agency'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 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 Agency'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 Agency'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 Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants

June 28, 2022

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.
STATEMENT OF INCOME AND FUND BALANCES
YEAR ENDED MARCH 31, 2022

	<u>Revenue Fund</u>		<u>Capital Fund</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue						
Provincial subsidies	\$ 1,015,375	\$ 1,189,344	\$ -	\$ -	1,015,375	1,189,344
Grants	3,153	6,427	-	-	3,153	6,427
Capital grants	-	-	-	7,408	-	7,408
Sale of goods and services	261,550	285,121	-	-	261,550	285,121
Donations and amortization of deferred grants	-	-	40,158	55,210	40,158	55,210
Interest and other revenue	-	-	24,120	38,826	24,120	38,826
Gain on disposal of assets	-	-	2,989	4,611	2,989	4,611
Expenses recovered and miscellaneous	302,371	213,977	284,101	287,702	586,472	501,679
	1,582,449	1,694,869	351,368	393,757	1,933,817	2,088,626
Expenses						
Salaries	706,319	809,238	-	-	706,319	809,238
Benefits	120,628	150,051	-	-	120,628	150,051
Travel	1,248	903	-	-	1,248	903
Training	22,047	2,470	-	-	22,047	2,470
Purchased services	371,121	420,751	4,917	4,565	376,038	425,316
Supplies	22,977	22,194	-	-	22,977	22,194
Rentals	21,007	21,579	-	-	21,007	21,579
Property taxes	-	-	45,439	44,982	45,439	44,982
Utilities	47,893	49,608	25,642	24,040	73,535	73,648
Repairs, maintenance and replacements	183,039	106,258	46,710	46,662	229,749	152,920
Vehicle operations	40,162	54,540	-	-	40,162	54,540
Insurance	27,478	27,192	12,883	12,036	40,361	39,228
Other	18,538	9,998	603	724	19,141	10,722
Allocated administrative expenses	-	(11,805)	-	11,805	-	-
Amortization	-	-	91,929	104,456	91,929	104,456
	1,582,457	1,662,977	228,123	249,270	1,810,580	1,912,247
Excess (deficiency) of revenue over expenses	(8)	31,892	123,245	144,487	123,237	176,379
Fund balances, beginning of year	969,877	937,985	1,337,818	1,388,679	2,307,695	2,326,664
	969,869	969,877	1,461,063	1,533,166	2,430,932	2,503,043
Transfers to reserves (Note 6)	-	-	(172,382)	(195,348)	(172,382)	(195,348)
Fund balances, end of year	\$ 969,869	\$ 969,877	\$ 1,288,681	\$ 1,337,818	\$ 2,258,550	\$ 2,307,695

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

	<u>Revenue Fund</u>		<u>Capital Fund</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
ASSETS						
Current assets						
Cash and cash equivalents (Note 2)	\$ 626,712	\$ 500,357	\$ 381,306	\$ 682,765	\$ 1,008,018	\$ 1,183,122
Accounts receivable	118,305	39,511	8,122	15,316	126,427	54,827
HST receivable	46,360	31,964	-	-	46,360	31,964
Inter-fund transfers	373,554	536,937	(373,554)	(536,937)	-	-
Prepaid expenses and other	60,533	61,087	1,345	1,345	61,878	62,432
	1,225,464	1,169,856	17,219	162,489	1,242,683	1,332,345
Guaranteed investment certificates (Note 3)	-	-	1,565,135	1,243,885	1,565,135	1,243,885
Property and equipment (Note 4)	-	-	1,199,962	1,252,647	1,199,962	1,252,647
	\$ 1,225,464	\$ 1,169,856	\$ 2,782,316	\$ 2,659,021	\$ 4,007,780	\$ 3,828,877
LIABILITIES						
Current liabilities						
Accounts payable	\$ 200,919	\$ 161,568	\$ -	\$ -	\$ 200,919	\$ 161,568
Government remittances payable	29,097	21,316	-	-	29,097	21,316
Deferred revenue (Note 5)	25,579	17,095	342	292	25,921	17,387
	255,595	199,979	342	292	255,937	200,271
FUND BALANCES (Note 6)						
Invested in property and equipment	-	-	1,199,620	1,252,355	1,199,620	1,252,355
Unrestricted funds	969,869	969,877	89,061	85,463	1,058,930	1,055,340
Reserves	-	-	1,493,293	1,320,911	1,493,293	1,320,911
	969,869	969,877	2,781,974	2,658,729	3,751,843	3,628,606
	\$ 1,225,464	\$ 1,169,856	\$ 2,782,316	\$ 2,659,021	\$ 4,007,780	\$ 3,828,877

Approved by the Board:

Maurice Connelly

Trustee

Michael Spence

Trustee

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year		
Revenue fund	\$ (8)	\$ 31,892
Capital fund	123,245	144,487
Items not affecting cash		
Amortization	91,929	104,456
Gain on disposal of assets	(2,989)	(4,611)
Amortization of deferred grants	(39,805)	(48,985)
	172,372	227,239
Changes in non-cash operating assets and liabilities		
Accounts receivable	(71,600)	100,987
HST receivable	(14,396)	12,157
Prepaid expenses and other	554	(829)
Accounts payable	39,351	32,421
Government remittances payable	7,781	(5,326)
Deferred revenue	8,534	17,387
	142,596	384,036
INVESTING ACTIVITIES		
Proceeds on disposal of assets	3,550	5,000
Purchase of long-term guaranteed investment certificates	(300,000)	(1,243,885)
Increase in long-term guaranteed investment certificates	(21,250)	-
	(317,700)	(1,238,885)
DECREASE IN CASH AND CASH EQUIVALENTS	(175,104)	(854,849)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,183,122	2,037,971
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	\$ 1,008,018	\$ 1,183,122

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Nature of business

The Agency is a non-profit organization incorporated without share capital under the Ontario Business Corporations Act, which is partially funded by the Ministry of Community and Social Services and the Ministry of Children and Youth Services. The Agency's primary purpose is to provide facilities, programs and services for persons with disabilities. The Agency is also a registered charity and is therefore exempt from income taxes.

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and accordingly use the accrual method of accounting. Under the accrual method of accounting, revenue is recorded when earned, expenses are recorded when incurred.

The Agency uses the deferral method of accounting for contributions and reports on a fund accounting basis. The following funds are maintained:

Revenue fund

Reflecting the activities associated with the Agency's externally funded program operations.

Capital fund

Reflecting the activities associated primarily with the Agency's short and long term capital requirements. Represents funds to be used for the purpose of capital additions, improvements and repairs not funded by grants or subsidies.

Revenue recognition

The Agency recognizes revenue from government grants using the accrual method. Funding provided for general operating purposes is recorded as revenue in the fiscal year in which it is awarded. Contributions received for special projects are reflected in revenue to the extent that related expenses have been incurred. Contributions received for capital assets are deferred and taken into income at a rate corresponding with the amortization rate for the related assets acquired.

These grants are subject to final approval by the Ministry of Community and Social Services and The Ministry of Children and Youth Services and any adjustments are recorded in the year in which the adjustment is received.

For the sale of goods and services, revenue is recognized when the service is performed.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and guaranteed investment certificates with original maturities of less than twelve months.

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

Property and equipment

Property and equipment are recorded at acquisition cost. Amortization on the property and equipment is calculated using the diminishing-balance method at the following rates, with one-half the normal rate of amortization being recorded in the year of addition and none in the year of disposal:

Buildings	
Administration and industrial	5%
Garage	5%
Potting shed	5%
Quonset Hut	5%
Donald L. Reilly Centre	5%
112 Canby Street	5%
6146 Barker Street	5%
Greenhouses	10%
Office furniture and equipment	20%
Machinery and equipment	20%
Computer hardware	30%
Vehicles	30%
Tractors	30%
Mowers	30%
Playground equipment	30%
Paving	8%

Amortization is not funded by the Ministry of Community and Social Services and the Ministry of Children and Youth Services and accordingly, it is the Agency's policy to charge operations of the capital fund with these amounts.

Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Financial instruments

(a) Measurement of financial instruments

Initial measurement

The Agency initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the agency is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the agency in the transaction.

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

Subsequent measurement

The Agency subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, guaranteed investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and government remittances payable.

Due from related party is measured at cost.

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) Impairment

For financial assets measured at cost or amortized cost, the Agency determines whether there are indications of possible impairment. When there are, and the Agency determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for items such as impairment of long lived assets, determination of useful lives of property and equipment, revenue recognition, contingent liabilities and allowances for accounts receivable.

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,008,018	\$ 879,762
Guaranteed investment certificates held at Meridian Credit Union:		
Matured in June, 2021	-	303,360
	\$ 1,008,018	\$ 1,183,122

The Agency has an authorized overdraft facility of \$100,000, with interest charged at bank prime plus .625%. The overdraft facility is secured by guaranteed investment certificates held by the Agency.

3. GUARANTEED INVESTMENT CERTIFICATES

The Agency holds guaranteed investment certificates, held at Meridian Credit Union. These guaranteed investment certificates earn interest at a rate of 1.20% and mature at dates ranging between October 2023 and June 2024.

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

4. PROPERTY AND EQUIPMENT

	<u>2022</u>		<u>2021</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 271,248	\$ -	\$ 271,248	\$ -
Buildings				
Administration and industrial	611,498	478,501	611,498	471,501
Garage	12,757	11,144	12,757	11,059
Potting shed	112,473	86,464	112,473	85,095
Quonset Hut	15,112	13,931	15,112	13,869
Donald L. Reilly Centre	742,149	420,658	742,149	403,737
112 Canby Street	168,015	102,105	168,015	98,636
Greenhouses	57,692	42,267	57,692	40,553
6146 Barker Street	1,284,005	560,165	1,284,005	522,068
Office furniture and equipment	296,158	276,209	296,158	271,221
Machinery and equipment	71,665	71,576	71,665	71,554
Computer hardware	56,652	56,616	56,652	56,601
Vehicles	417,806	378,943	520,533	464,454
Tractors	98,919	98,725	98,919	98,642
Mowers	60,608	60,608	60,608	60,608
Playground equipment	89,632	89,532	89,632	89,489
Paving	25,550	9,384	25,550	7,978
	4,391,939	2,756,828	4,494,666	2,767,065
Net book value		1,635,111		1,727,601
Deferred grants and donations				
Balance, beginning of year	(1,437,709)	(962,755)	(1,437,709)	(913,770)
Current year additions/amortization	-	(39,805)	-	(48,985)
Balance, end of year	(1,437,709)	(1,002,560)	(1,437,709)	(962,755)
Net book value		(435,149)		(474,954)
		\$ 1,199,962		\$ 1,252,647

5. DEFERRED REVENUE

The deferred revenue relates to funding received during the year for expenditures that span beyond the current fiscal year. The amount of funding received but not yet spent at the end of the fiscal year was deferred and will be recognized when the related expenses have been incurred.

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

6. CHANGES IN FUND BALANCES - CAPITAL FUND

	<u>Invested in Property and Equipment</u>	<u>Unrestricted</u>	<u>2022 Total</u>	<u>2021 Total</u>
Balance, beginning of year	\$ 1,252,355	\$ 85,463	\$ 1,337,818	\$ 1,388,679
Excess (deficiency) of revenue over expenses	(52,735)	175,980	123,245	144,487
Transfer to reserves	-	(172,382)	(172,382)	(195,348)
Balance, end of year	\$ 1,199,620	\$ 89,061	\$ 1,288,681	\$ 1,337,818

During the year, the Agency transferred \$172,382 (2021 - \$195,348) to their property reserves. These reserves are maintained by the Agency in the event of unexpected costs arising at their facilities.

7. RELATED NOT-FOR-PROFIT ORGANIZATION

Niagara Training & Employment Agency Inc (NTEC) is related to Niagara Support Services (NSS) by virtue of several common board of trustee members and common management. NSS is a non-profit, charitable organization, incorporated without share capital under the Ontario Business Corporation Act. NSS's primary purpose is to provide support services for developmentally disabled persons.

NTEC and NSS share management, other staff and occupancy costs. These costs are allocated to each organization based on use, on normal market terms, and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. As at March 31, 2022, there are amounts due from NSS of \$117,098 (2021 - \$37,509). These amounts are included in accounts receivable. The following transactions occurred during the year:

	<u>2022</u>	<u>2021</u>
Rental revenue	\$ 223,283	\$ 220,570
Sale of goods and services	\$ 36,834	\$ 60,531
Rental expense	\$ 1,560	\$ 1,560
Wages and benefits charged	\$ 260,943	\$ 186,099
Wages and benefits received	\$ 223,061	\$ 260,337

8. ECONOMIC DEPENDENCE

The Agency's primary source of operating funding is derived from the Ministry of Children, Community and Social Services. Should these contributions cease, the Agency would need to consider its ability to continue its current operations.

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

9. FINANCIAL RISK MANAGEMENT

The Agency has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

It is management's opinion that the Agency is not exposed to significant interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk risks arising from its financial instruments.

10. IMPACT OF COVID-19 PANDEMIC

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Agency has determined that adjustments to the financial statements are not required as a result of these events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2022 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Agency for future periods.
