

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

Financial Statements
for the Year Ended March 31, 2024
and Independent Auditor's Report to the Board of Trustees

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

FINANCIAL STATEMENTS

MARCH 31, 2024

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DURWARD JONES BARKWELL
& COMPANY LLP

Not enough to know what should be done

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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, 2024 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, 2024, 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
Welland, Ontario
June 25, 2024

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

STATEMENT OF INCOME AND FUND BALANCES YEAR ENDED MARCH 31, 2024

	<u>Revenue Fund</u>		<u>Capital Fund</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
Revenue						
Provincial subsidies	\$ 1,193,859	\$ 1,177,587	\$ -	\$ -	\$ 1,193,859	\$ 1,177,587
Sale of goods and services	257,031	253,113	-	-	257,031	253,113
Donations and amortization of deferred grants	1,500	-	28,029	33,109	29,529	33,109
Interest and other revenue	-	-	90,269	45,564	90,269	45,564
Expenses recovered and miscellaneous	131,740	243,985	297,174	292,430	428,914	536,415
	1,584,130	1,674,685	415,472	371,103	1,999,602	2,045,788
Expenses						
Salaries	768,493	732,604	-	-	768,493	732,604
Benefits	151,873	140,789	-	-	151,873	140,789
Travel	3,224	2,827	-	-	3,224	2,827
Training	7,201	29,708	-	-	7,201	29,708
Purchased services	330,027	418,211	4,673	4,576	334,700	422,787
Supplies	17,469	20,729	-	-	17,469	20,729
Rentals	21,551	21,225	-	-	21,551	21,225
Property taxes	-	-	54,380	46,932	54,380	46,932
Utilities	48,484	55,910	25,554	21,413	74,038	77,323
Repairs, maintenance and replacements	132,805	133,910	81,047	27,674	213,852	161,584
Vehicle operations	35,404	30,857	-	-	35,404	30,857
Insurance	32,181	29,562	15,994	14,272	48,175	43,834
Other	28,968	47,053	303	668	29,271	47,721
Allocated administrative expenses	(8,922)	-	8,922	-	-	-
Amortization	-	-	74,483	82,255	74,483	82,255
	1,568,758	1,663,385	265,356	197,790	1,834,114	1,861,175
Excess of revenue over expenses						
	15,372	11,300	150,116	173,313	165,488	184,613
Fund balances, beginning of year	981,169	969,869	1,239,478	1,288,681	2,220,647	2,258,550
	996,541	981,169	1,389,594	1,461,994	2,386,135	2,443,163
Transfers to reserves (Note 6)	-	-	(196,577)	(222,516)	(196,577)	(222,516)
Fund balances, end of year	\$ 996,541	\$ 981,169	\$ 1,193,017	\$ 1,239,478	\$ 2,189,558	\$ 2,220,647

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024

	<u>Revenue Fund</u>		<u>Capital Fund</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current assets						
Cash and cash equivalents (Note 2)	\$ 1,167,511	\$ 566,503	\$ 1,255,062	\$ 1,970,941	\$ 2,422,573	\$ 2,537,444
Accounts receivable	2,206	2,839	13,428	14,006	15,634	16,845
HST receivable	30,612	36,955	-	-	30,612	36,955
Inter-fund transfers	32,928	488,237	(32,928)	(488,237)	-	-
Prepaid expenses and other	66,746	59,206	1,434	1,680	68,180	60,886
	1,300,003	1,153,740	1,236,996	1,498,390	2,536,999	2,652,130
Guaranteed investment certificates (Note 3)						
	-	-	764,451	306,480	764,451	306,480
Property and equipment (Note 4)						
	-	-	1,104,298	1,150,759	1,104,298	1,150,759
	\$ 1,300,003	\$ 1,153,740	\$ 3,105,745	\$ 2,955,629	\$ 4,405,748	\$ 4,109,369
LIABILITIES						
Current liabilities						
Accounts payable	\$ 277,442	\$ 151,694	\$ -	\$ -	\$ 277,442	\$ 151,694
Government remittances payable	15,801	16,004	-	-	15,801	16,004
Deferred revenue (Note 5)	10,219	4,873	342	342	10,561	5,215
	303,462	172,571	342	342	303,804	172,913
FUND BALANCES (Note 6)						
Invested in property and equipment	-	-	1,103,956	1,150,417	1,103,956	1,150,417
Unrestricted funds	996,541	981,169	89,061	89,061	1,085,602	1,070,230
Reserves	-	-	1,912,386	1,715,809	1,912,386	1,715,809
	996,541	981,169	3,105,403	2,955,287	4,101,944	3,936,456
	\$ 1,300,003	\$ 1,153,740	\$ 3,105,745	\$ 2,955,629	\$ 4,405,748	\$ 4,109,369

Approved by the Board:

Maura Connolly

Trustee

Michael Sporkle

Trustee

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year		
Revenue fund	\$ 15,372	\$ 11,300
Capital fund	150,116	173,313
Items not affecting cash		
Amortization	74,483	82,255
Amortization of deferred grants	<u>(28,022)</u>	<u>(33,052)</u>
	211,949	233,816
Changes in non-cash operating assets and liabilities		
Accounts receivable	1,211	109,582
HST receivable	6,343	9,405
Prepaid expenses and other	(7,294)	992
Accounts payable	125,748	(49,225)
Government remittances payable	(203)	(13,093)
Deferred revenue	<u>5,346</u>	<u>(20,706)</u>
	<u>343,100</u>	<u>270,771</u>
INVESTING ACTIVITY		
Decrease (increase) in long-term guaranteed investment certificates	<u>(457,971)</u>	1,258,655
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(114,871)	1,529,426
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,537,444</u>	<u>1,008,018</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u>\$ 2,422,573</u>	<u>\$ 2,537,444</u>

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

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, 2024

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	5%
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, 2024

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 to 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.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many companies. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Organization. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Organization has taken are sufficient to mitigate these uncertainties.

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

2. CASH AND CASH EQUIVALENTS

	<u>2024</u>	<u>2023</u>
Cash	\$ 2,422,573	\$ 1,260,288
Guaranteed investment certificates held at Meridian Credit Union	-	1,277,156
	<u>\$ 2,422,573</u>	<u>\$ 2,537,444</u>

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 4.05 % and mature December 2026.

NIAGARA TRAINING & EMPLOYMENT AGENCY INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

4. PROPERTY AND EQUIPMENT

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 271,248	\$ -	\$ 271,248	\$ -
Buildings				
Administration and industrial	611,498	491,468	611,498	485,151
Garage	12,757	11,302	12,757	11,225
Potting shed	112,473	88,999	112,473	87,764
Quonset Hut	15,112	14,046	15,112	13,990
Donald L. Reilly Centre	742,149	452,004	742,149	436,733
112 Canby Street	168,015	108,531	168,015	105,400
Greenhouses	57,692	45,198	57,692	43,810
6146 Barker Street	1,284,005	630,739	1,284,005	596,357
Office furniture and equipment	296,158	283,391	296,158	280,199
Machinery and equipment	71,665	71,608	71,665	71,594
Computer hardware	56,652	56,634	56,652	56,627
Vehicles	417,806	398,764	417,806	390,603
Tractors	98,919	98,824	98,919	98,783
Mowers	60,608	60,608	60,608	60,608
Playground equipment	89,632	89,583	89,632	89,562
Paving	25,550	11,867	25,550	10,677
	4,391,939	2,913,566	4,391,939	2,839,083
Net book value		1,478,373		1,552,856
Deferred grants and donations				
Balance, beginning of year	(1,437,709)	(1,035,612)	(1,437,709)	(995,807)
Current year additions/amortization	-	(28,022)	-	(39,805)
Balance, end of year	(1,437,709)	(1,063,634)	(1,437,709)	(1,035,612)
Net book value		(374,075)		(402,097)
		\$ 1,104,298		\$ 1,150,759

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, 2024

6. CHANGES IN FUND BALANCES - CAPITAL FUND

	<u>Invested in Property and Equipment</u>	<u>Unrestricted</u>	<u>2024 Total</u>	<u>2023 Total</u>
Balance, beginning of year	\$ 1,150,417	\$ 89,061	\$ 1,239,478	\$ 1,288,681
Excess (deficiency) of revenue over expenses	(46,461)	196,577	150,116	173,313
Transfer to reserves	-	(196,577)	(196,577)	(222,516)
Balance, end of year	\$ 1,103,956	\$ 89,061	\$ 1,193,017	\$ 1,239,478

During the year, the Agency transferred \$196,577 (2023 - \$222,516) 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, 2024, there are amounts due to NSS of \$106,656 (2023 - due to NSS \$43,443). These amounts are included in accounts payable. The following transactions occurred during the year:

	<u>2024</u>	<u>2023</u>
Rental revenue	\$ 231,840	\$ 231,170
Sale of goods and services	\$ -	\$ 32,843
Rental expense	\$ 1,560	\$ 1,560
Wages and benefits charged	\$ 112,971	\$ 182,455
Wages and benefits received	\$ 271,950	\$ 264,512

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, 2024

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. SUBSEQUENT EVENT

On May 19, 2024, the Agency's building at 120 Canby Road was damaged due to a flood. Although the amount of the damage is not yet determinable, management believes that the loss will be adequately covered by insurance. The expected day of completion for repairs to the building is August 31, 2024..
