

Financial Statements of

**EDUCATION QUALITY AND
ACCOUNTABILITY OFFICE**

And Independent Auditor's Report Thereon

Year ended March 31, 2025

**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Education Quality and Accountability Office

Opinion

We have audited the financial statements of the Education Quality and Accountability Office (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its results of operations, its changes in net financial assets and its cash flows for the year then 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 Financial Statements"** section of our auditor's report.

We are independent of the Entity 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 audit opinion.



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

Management is responsible for the preparation and fair presentation 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.



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- 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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 25, 2025

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets		
Cash	\$ 3,081,442	\$ 3,037,195
Restricted investments - board restricted fund (note 2(b))	11,049,494	10,149,737
Accounts receivable (note 3(a))	1,583,861	473,398
	15,714,797	13,660,330
Financial Liabilities		
Accounts payable and accrued liabilities (note 3(b))	3,124,690	1,987,417
Unearned revenue	75,696	56,905
	3,200,386	2,044,322
Net financial assets	12,514,411	11,616,008
Non-Financial Assets		
Prepaid expenses (note 4)	426,816	685,252
Tangible capital assets (note 5)	223,157	229,985
	649,973	915,237
Commitments (note 6)		
Economic dependence (note 11)		
Contingent liability (note 12)		
Accumulated surplus (note 2)	\$ 13,164,384	\$ 12,531,245

See accompanying notes to financial statements.

On behalf of the Board:



Chair



Chief Executive Officer

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Operations and Accumulated Surplus

Year ended March 31, 2025, with comparative information for 2024

	2025 Budget (note 10)	2025 Actual	2024 Actual
Revenue:			
Ministry of Education:			
Base allocation payments (note 11)	\$ 31,630,197	\$ 30,963,317	\$ 26,840,185
Interest income (note 2(b))	–	682,263	769,487
Other	–	287,440	271,265
	31,630,197	31,933,020	27,880,937
Expenses:			
Service and rental	15,406,437	14,375,680	12,616,993
Salaries and wages	15,246,862	16,096,244	14,437,193
Transportation and communication	203,124	157,509	151,312
Supplies and equipment (note 5)	773,774	670,448	590,137
	31,630,197	31,299,881	27,795,635
Annual surplus	–	633,139	85,302
Accumulated surplus, beginning of year	12,531,245	12,531,245	12,445,943
Accumulated surplus, end of year	\$ 12,531,245	\$ 13,164,384	\$ 12,531,245
Accumulated surplus comprises:			
Externally restricted (note 2(a))		\$ 2,114,890	\$ 2,381,508
Internally restricted (note 2(b))		11,049,494	10,149,737
		\$ 13,164,384	\$ 12,531,245

See accompanying notes to financial statements.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Changes in Net Financial Assets

Year ended March 31, 2025, with comparative information for 2024

	2025 Budget (note 10)	2025 Actual	2024 Actual
Annual surplus	\$ —	\$ 633,139	\$ 85,302
Acquisition of tangible capital assets	—	(85,332)	(118,014)
Amortization of tangible capital assets (note 5)	116,777	92,160	117,410
	116,777	6,828	(604)
Acquisition of prepaid expenses	—	(426,816)	(685,252)
Use of prepaid expenses	—	685,252	599,400
	—	258,436	(85,852)
Increase (decrease) in net financial assets	116,777	898,403	(1,154)
Net financial assets, beginning of year	11,616,008	11,616,008	11,617,162
Net financial assets, end of year	\$ 11,732,785	\$ 12,514,411	\$ 11,616,008

See accompanying notes to financial statements.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in)		
Operating activities:		
Annual surplus	\$ 633,139	\$ 85,302
Amortization of tangible capital assets, which does not affect cash	92,160	117,410
	725,299	202,712
Change in non-cash operating working capital:		
Accounts receivable	(1,110,463)	(305,774)
Accounts payable and accrued liabilities	1,137,273	423,022
Unearned revenue	18,791	18,145
Prepaid expenses	258,436	(85,852)
	1,029,336	252,253
Capital activities:		
Acquisition of tangible capital assets	(85,332)	(118,014)
Investing activities:		
Net change to board restricted fund	(899,757)	(965,855)
Increase (decrease) in cash	44,247	(831,616)
Cash, beginning of year	3,037,195	3,868,811
Cash, end of year	\$ 3,081,442	\$ 3,037,195

See accompanying notes to financial statements.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements

Year ended March 31, 2025

The Education Quality and Accountability Office (the "Agency") was established by the Province of Ontario by the *EQAO Act* (June 1996). The Agency was created to ensure greater accountability and to contribute to the enhancement of the quality of education in Ontario. This mandate is satisfied through assessments and reviews based on objective, reliable and relevant information, and the timely public release of that information along with recommendations for system improvement.

1. Significant accounting policies:

These financial statements, which have been prepared in accordance with Canadian public sector accounting standards, as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA Canada") and, where applicable, the recommendations of the Accounting Standards Board of CPA Canada, reflect the accounting policies set out below:

(a) Revenue recognition:

The Agency is funded by the Ministry of Education in accordance with established budget arrangements. The Agency receives base allocation payments in accordance with the fiscal year's approved budget. These transfer payments are recognized in the financial statements in the year in which the transfer is authorized and all eligibility criteria have been met, except when a transfer gives rise to a liability.

Unearned revenue includes fees for tests to be delivered in future years. Revenue will be recognized in that future year, when the services or products are provided.

Interest income is recognized on an accrual basis.

Other revenue is recognized at the time the service is rendered.

(b) Tangible capital assets:

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 to 10 years
Furniture and fixtures	5 years

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2025

1. Significant accounting policies (continued):

For assets acquired or brought into use during the year, amortization is calculated from the month following that in which additions come into operation.

The Agency considers the carrying value of tangible capital assets when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable or when a tangible capital asset no longer contributes to the Agency's ability to provide goods and services. If the Agency expects an asset to generate cash flows less than the asset's carrying value, at the lowest level of identifiable cash flows, the Agency recognizes a loss for the difference between the asset's carrying value and its fair value.

(c) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Such estimates include providing for amortization and impairment of tangible capital assets. Actual results could differ from those estimates.

2. Accumulated surplus:

(a) Externally restricted accumulated surplus:

The Agency receives base allocation payments in accordance with the year's approved budget. Actual expenses incurred in the year could differ from the budgeted amounts. The difference between base allocation payments received and actual expenses incurred are tracked separately as externally restricted accumulated surplus.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Accumulated surplus (continued):

(b) Internally restricted accumulated surplus:

A board restricted fund was established by a Board of Directors' ("Board") resolution for the purpose of examining assessment processes and researching emerging methodologies in large-scale assessment in order to maintain Ontario's high-quality assessment programs as best of class. As at year end, the balance comprised \$2,991,442 (2024 - \$3,065,353) in cash and \$8,058,052 (2024 - \$7,084,384) of guaranteed investment certificates with maturity dates of January 2027 (2024 - January 2025) and interest of 3.23% (2024 - 5.00%) per annum. According to *the EQAO Act* (June 1996), the *Agencies and Appointment Directive* and the *Financial Administration Act*, the Agency has the authority to retain any revenue that is not provincial funding.

	2025	2024
Balance, beginning of year	\$ 10,149,737	\$ 9,183,882
Appropriation of other income	281,256	265,714
Interest income earned on funds	682,263	769,487
Cost associated with fee-based administration (note 8)	(63,762)	(69,346)
Balance, end of year	\$ 11,049,494	\$ 10,149,737

3. Accounts receivable and accounts payable and accrued liabilities:

(a) Accounts receivable:

Included in accounts receivable is a transfer payment for the following amount:

	2025	2024
Ministry of Education	\$ 1,339,815	\$ 392,571

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2025

3. Accounts receivable and accounts payable and accrued liabilities (continued):

(b) Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are the following amounts for services in the normal course of operations:

	2025	2024
Ministry of Public and Business Service Delivery	\$ 318,852	\$ 335,384
Ministry of Infrastructure	29,071	—
Ontario School Boards	1,161,976	549,874
Conestoga College	597,678	—
	\$ 2,107,577	\$ 885,258

4. Prepaid expenses:

Prepaid expenses are paid in cash and recorded as assets before they are used or consumed. As at year end, the balance is made up of the following amounts:

	2025	2024
Prepaid expenses	\$ 222,012	\$ 280,922
Prepaid secondees	204,804	404,330
	\$ 426,816	\$ 685,252

5. Tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 1,192,443	\$ 986,567	\$ 205,876	\$ 206,420
Furniture and fixtures	365,172	347,891	17,281	23,565
	\$ 1,557,615	\$ 1,334,458	\$ 223,157	\$ 229,985

Amortization of tangible capital assets recorded in the current year within supplies and equipment expenses amounts to \$92,160 (2024 - \$117,410).

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2025

6. Commitments:

The Agency leases premises under certain operating lease arrangements with expiry dates up to December 31, 2026. Under the terms of the leases, the Agency is required to pay an annual base rent, which is predetermined based on square footage rates plus operating and maintenance charges. Future minimum annual scheduled payments are as follows:

2026	\$	598,446
2027		453,081
		<hr/>
		\$ 1,051,527

7. Financial instruments:

The Agency's financial instruments consist of cash, board restricted investments, accounts receivable and accounts payable and accrued liabilities. Financial instruments are recorded at fair value on initial recognition. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

It is management's opinion that the Agency is not exposed to significant interest, currency or credit risk arising from these financial instruments.

8. Allocation of expenses:

Incremental administration expenses are allocated to fee-based administration revenue. Expenses are allocated proportionately based on the number of individual student assessments administered.

9. Liquidity risk:

Liquidity risk is the risk that the Agency will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Agency manages its liquidity risk by monitoring its operating requirements. The Agency prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2024.

EDUCATION QUALITY AND ACCOUNTABILITY OFFICE

Notes to Financial Statements (continued)

Year ended March 31, 2025

10. Budget:

The budget information has been derived from the budget approved by the Board on June 26, 2024.

11. Economic dependence:

The Agency derives substantially all of its income from the Ministry of Education in the form of base allocation payments. The Agency's ability to carry on operations, realize assets and discharge its liabilities depends on the continued financial support of the Ministry of Education.

12. Contingent liability:

The Agency has been named as a defendant in a legal proceeding for alleged breach of contract. Since the outcome of the litigation is uncertain, no provision has been made in the financial statements for this matter. The Agency will continue to assess the likelihood and potential amount of any future liability related to this matter.