Consolidated Financial Statements of

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

And Independent Auditors' Report thereon

Year ended August 31, 2022

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Northeastern Catholic District School Board are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board 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 Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Director of Education

Superintendent of Business

December 14, 2022

KPMG LLP
1760 Regent Street, Unit 4
Sudbury Ontario P3E 3Z8
Canada
Tel 705-675-8500
Fax 705-675-7586

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Northeastern Catholic District School Board

Opinion

We have audited the consolidated financial statements of Northeastern Catholic District School Board (the "Entity"), which comprise:

- the consolidated statement of financial position as at August 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedule to the consolidated 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 consolidated financial position of the Entity as at August 31, 2022, and its consolidated results of operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements.

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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' 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 opinion.

Emphasis of Matter - Financial Reporting Framework

Without modifying our opinion, we draw attention to note 1 to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

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 a basis of accounting described in the notes to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity's 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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
December 14, 2022

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

As at August 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash and cash equivalents	$ 6,538,334	$ 8,369,430
Accounts receivable (note 3)	8,868,576	7,153,198
Accounts receivable - Approved Capital Funding (note 4)	2,454,762	4,499,398
Total financial assets	17,861,672	20,022,026
Financial liabilities		
Accounts payable and accrued liabilities (note 5)	3,808,019	5,614,875
Deferred revenue (note 7)	2,952,674	3,326,282
Accrued interest on net long-term liabilities	42,260	45,450
Capital lease obligations (note 11)	259,511	596,708
Retirement and other employee future benefits payable (note 9)	979,678	1,342,214
Net long-term liabilities (note 10)	2,384,168	2,559,169
Deferred capital contributions (note 8)	48,866,276	45,483,979
Total financial liabilities	59,292,586	58,968,677
Net debt	(41,430,914)	(38,946,651)
Non-financial assets		
Prepaid expenses	132,924	319,321
Tangible capital assets (note 13)	50,726,256	47,519,245
Total non-financial assets	50,859,180	47,838,566
Commitments (note 17)		
Contingent liabilities (note 18)		
Effects of COVID-19 (note 21)		
Accumulated surplus (note 14)	$ 9,428,266	$ 8,891,915

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Board of Trustee Colleen Landers

Board of Trustee [signature]

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Revenue:			
Grants for student needs (note 19):	$ 43,683,940	$ 46,481,284	$ 45,083,442
Federal grants and fees	302,472	344,807	354,026
Other revenue - school boards	66,400	29,543	29,543
Other fees and revenue	78,000	183,606	200,786
Investment income	35,000	36,899	33,168
School generated funds	975,000	499,333	223,164
Total revenue	45,140,812	47,575,472	45,924,129
Expenses (note 12):			
Instruction	31,127,922	31,836,536	30,483,835
Administration	2,648,143	3,203,867	3,080,139
Transportation	3,717,871	3,630,866	3,278,603
Pupil accommodation	6,929,540	7,102,898	6,647,637
Other	-	684,723	170,867
School funded activities	975,000	580,231	253,684
Total expenses	45,398,476	47,039,121	43,914,765
Annual surplus (deficit)	(257,664)	536,351	2,009,364
Accumulated surplus, beginning of year	8,891,915	8,891,915	6,882,551
Accumulated surplus, end of year	$ 8,634,251	$ 9,428,266	$ 8,891,915

See accompanying notes to the consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (deficit)	$ (257,664)	$ 536,351	$ 2,009,364
Tangible capital assets:			
Acquisition of tangible capital assets	(5,925,713)	(6,530,201)	(5,958,329)
Amortization of tangible capital assets	2,593,304	3,272,927	2,914,418
Loss on disposal of tangible capital assets	-	50,263	-
	(3,332,409)	(3,207,011)	(3,043,911)
Prepaid expenses:			
Acquisition of prepaid expenses	-	(132,924)	(319,321)
Use of prepaid expenses	-	319,321	468,459
	-	186,397	149,138
Increase in net debt	(3,590,073)	(2,484,263)	(885,409)
Net debt, beginning of year	(38,946,651)	(38,946,651)	(38,061,242)
Net debt, end of year	$ (42,536,724)	$ (41,430,914)	$ (38,946,651)

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2022, with comparative information for 2021

	2022	2021
Operating transactions:		
Annual surplus	$ 536,351	$ 2,009,364
Items not involving cash:		
Amortization of tangible capital assets	3,272,927	2,914,418
Amortization of deferred capital contributions	(3,094,383)	(2,728,679)
Loss on disposal of tangible capital assets	50,263	-
	765,158	2,195,103
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(1,715,378)	176,087
Deacrease in accounts payable and accrued liabilities	(1,806,856)	(118,648)
Increase (decrease) in deferred revenue	(373,608)	432,354
Decrease in accrued interest on long-term debt	(3,190)	(3,034)
Decarease in employee future benefits payable	(362,536)	(339,418)
Decrease in prepaid expenses	186,397	149,138
Cash provided by (used for) operating transactions	(3,310,013)	2,491,582
Capital transactions:		
Cash used to acquire tangible capital assets	(6,530,201)	(5,958,329)
Financing transactions:		
Proceeds from issuance of capital lease	-	934,006
Capital contributions received	6,526,943	5,958,332
Repayment of capital lease obligations	(337,197)	(337,298)
Principal repayments of long-term debt	(175,001)	(166,459)
Decrease (increase) in accounts receivable - Approved Capital Funding	2,044,636	(928,389)
Transfer from deferred capital contributions	(50,263)	-
Cash provided by financing transactions	8,009,118	5,460,192
Increase (decrease) in cash and cash equivalents	(1,831,096)	1,993,445
Cash and cash equivalents, beginning of year	8,369,430	6,375,985
Cash and cash equivalents, end of year	$ 6,538,334	$ 8,369,430

See accompanying notes to consolidated financial statements.

The Northeastern Catholic District School Board is an English Catholic school board formed on January 1, 1998 from the English Language sections of four separate school boards. The School Board, which covers an area from Cobalt to Moosonee, Ontario, has one secondary and twelve elementary schools under its jurisdiction.

1. Significant accounting policies:

The consolidated financial statements of the Northeastern Catholic District School Board (the "Board") have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant ministry of the Government of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations and accumulated surplus over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Ontario Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board, including:

i) School generated funds: the assets, liabilities, revenues, expenses that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

ii) The Board is one of three school boards that entered into a partnership agreement to share certain costs related to transportation. As a result, the Board's consolidated financial statements reflect proportionate consolidation, whereby they include the assets that it controls, the liabilities that it has incurred, and its pro-rata share of revenue and expenses.

(c) Trust funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

(d) Cash and cash equivalents:

Cash and cash equivalents consist of cash-on-hand, demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

(e) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(f) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions of depreciable tangible capital assets received or receivable for use in providing services, are recorded as deferred capital contributions when the asset is acquired as required under Ontario Regulation 395/11 of the Financial Administration Act. Amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits:

The Board provides health, dental and life insurance benefits for certain employees and retired individuals from school boards and has assumed liability for payment of benefits under these plans.

As part of the ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established between 2016 and 2018 for all employee groups. Additionally, retirees belonging to the Principal/Vice Principal and Non-union employee groups have transitioned to the ELHT in 2017-18. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. School boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHT is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a crown contribution and stabilization adjustment. After retirees transition, the Board continues to be responsible for its share of costs of benefits based on the cost sharing agreement prior to the transition to the ELHT.

The Board has adopted the following accounting 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 estimate of salary escalation, accumulated sick days, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days 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 services 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, long-term disability and life insurance 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.

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

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

1. Significant accounting policies (continued):

(h) 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 operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board does not capitalize interest paid on debt used to finance the construction of tangible capital assets. When historical records were not available, other methods were used to estimate the cost and accumulated amortization.

Leases which transfer substantially all of the benefits and risk incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounting for as operating leases and the related payments are charged to expenses as incurred.

Tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements with finite lives	15 years
Buildings and improvements	40 years
Portable and other structures	20 years
Furniture and equipment	5 - 15 years
Vehicles	5 - 10 years
Computer hardware and software	3 years

Amortization is taken at 50% of the above rates in the year of acquisition with the exception of leased tangible capital assets. Leased tangible capital assets are amortized over the term of the lease.

Assets under construction and assets that related to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as “assets held for sale” on the Consolidated Statement of Financial Position.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

i) Prepaid expenses:

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed

(i) Government transfers:

Government transfers, which include legislative grants, are recognized in the consolidated 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. If government transfers contain stipulations, which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

(j) Investment income:

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as proceeds of disposition, special education, transition, distance schools and school renewal forms part of the respective deferred revenue balances.

(k) 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 the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

The Board approves its budget annually. The approved operating budget for 2021-2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on December 1, 2021.

(l) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. Significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

1. Significant accounting policies (continued):

(m) Provincial legislative grants:

Under Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

2. School leave program:

Under the school leave program, teachers have the opportunity to be paid 80% of their salaries over four years. The remaining 20% is accumulated in a bank account to cover 80% of their salaries in the fifth year when they take a year leave of absence. The cash and related liability in the amount of $79,208 (2021 - $78,944) have been included with cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

3. Accounts receivable:

	2022	2021
Municipalities	$ 370,980	$ 423,827
Government of Canada	312,105	496,255
Government of Ontario	8,028,265	5,900,316
Other school boards	10,471	266,982
Other	146,755	65,818
	$ 8,868,576	$ 7,153,198

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2022 is $7,182,100 (2021 - $5,382,807).

4. Accounts receivable – Approved Capital Funding:

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs, which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of $2,454,762 as at August 31, 2022 (2021 - $4,499,398) with respect to capital grants.

5. Accounts payable and accrued liabilities:

	2022	2021
Trade payables and accrued liabilities	$ 3,003,879	$ 4,874,813
Government of Canada	18,865	804
Government of Ontario	722,188	659,126
Vacation payable	63,087	80,132
	$ 3,808,019	$ 5,614,875

6. Temporary borrowing:

The School Board has available to it a $3,000,000 revolving demand credit facility to finance general operating requirements which bears interest at the Royal Bank Prime rate less 0.75% per annum. The School Board also has available to it a $1,000,000 lease line of credit to finance the acquisition of equipment only. The Board did not utilize these credit facilities during the year.

7. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes, legislation, regulation or agreement.

Deferred revenue is comprised of:

	Balance at August 31, 2021	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance at August 31, 2022
Amounts restricted by legislation, regulation or agreement:					
Proceeds of disposition	$ 592,481	5,656	–	–	598,137
Special education	853,189	5,513,645	(5,317,510)	–	1,049,324
School renewal	1,061,785	1,001,540	(59,177)	(1,816,307)	187,841
Education Programs – Other (EPO)	462,636	3,292,233	(3,257,329)	–	497,540
Envelope	252,702	1,166,790	(842,811)	–	576,681
Childcare retrofit	1,367	–	–	–	1,367
	3,224,160	10,979,864	(9,476,827)	(1,816,307)	2,910,890
Amounts restricted by external contributor	102,122	96,230	(156,568)	–	41,784
Total	$ 3,326,282	11,076,094	(9,633,395)	(1,816,307)	2,952,674

8. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with Regulation 395/11 that have been expended by year-end. The contributions are amortized into revenue over the life of the asset acquired.

	2022	2021
Balance, beginning of year	$ 45,483,979	$ 42,254,326
Additions to deferred capital contributions	6,526,943	5,958,332
Disposal of deferred capital contributions	(50,263)	–
Revenue recognized during the year	(3,094,383)	(2,728,679)
Balance, end of year	$ 48,866,276	$ 45,483,979

9. Employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits, retirement gratuity, worker's compensation and long-term disability benefits.

a) Plan changes:

In 2013, changes were made to the short-term leave and disability plan. Under the new short-term leave and disability plan, 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A provision has been established representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Retirement life insurance, health and dental benefits have been grandfathered to existing retirees and employees who retired between September 1, 2012 and August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life, health or dental benefits will pay the full premiums for such benefits and will be included in a separate experience pool for participating retirees that is self-funded.

b) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of the Ontario Teacher's Pension Plan. Employer contributions for these employees are provided directly by the Government 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 Board's consolidated financial statements.

9. Employee future benefits (continued):

b) Retirement benefits (continued):

(ii) Ontario Municipal Employees Retirement System:

All non-teaching employees of the Board 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 employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended August 31, 2022, the Board contributed $601,079 (2021 - $558,892) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

c) Other employee future benefits:

(i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision.

(ii) Sick leave top-up benefits:

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2022. This actuarial valuation is based on assumptions about future events determined as at August 31, 2021 and is based on the average daily salary and banked sick days of employees as at August 31, 2022.

9. Employee future benefits (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2022 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2022. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2022	2021
	%	%
Inflation	2.0	1.5
Discount on accrued benefit obligations	3.9	1.8
Discount on accrued benefit obligations - WSIB	3.9	1.8

Assumed health care cost trend rates:

	2022	2021
Insurance and health care cost escalation - WSIB	4.0%	4.0%

The Board has internally appropriated an amount for sick leave totaling $244,964 (2021 - $350,233) and for WSIB totaling $372,722 (2021 - $122,857).

Information with respect to the Board's retirement and other employee future benefit liability is as follows:

Accrued benefit obligation			2022	2021
	Retirement Gratuity Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefit obligations	$ 664,105	$ 322,183	$ 986,288	$ 1,434,029
Unamortized actuarial losses	(6,610)	—	(6,610)	(91,815)
	$ 657,495	$ 322,183	$ 979,678	$ 1,342,214

9. Employee future benefits (continued):

Employee future benefit expenses	Retirement Gratuity Benefits	Other Employee Future Benefits	2022 Total Employee Future Benefits	2021 Total Employee Future Benefits
Current year benefit cost (recoveries)	$ —	$ 14,652	$ 14,652	$ (133,139)
Interest on accrued benefit obligation	15,830	6,041	21,871	22,295
Amortization of actuarial losses (gains)	13,902	17,747	31,649	16,685
Employee future benefits expenses (recoveries)[1]	$ 29,732	$ 38,440	$ 68,172	$ (94,159)

[1] Excluding pension contributions to multi-employer pension plans, described in note 9(b).

10. Net long-term liabilities:

Net long-term liabilities reported on the Consolidated Statement of Financial Position consist of the following:

	2022	2021
Loan payable to The Canada Life Assurance Company, bearing interest at 5.109% per annum, repayable in semi-annual blended payments of $78,807, unsecured, maturing April 5, 2031	$ 1,125,854	$ 1,222,241
Loan payable to the Ontario Financing Authority with interest rate of 4.9% per annum, repayable semi-annual blended payments of $45,090, unsecured maturing on March 3, 2033	749,115	800,686
Loan payable to the Ontario Financing Authority with interest rate of 5.232% per annum, repayable semi-annual blended payments of $27,376, unsecured maturing on April 13, 2035	519,199	536,242
	$ 2,384,168	$ 2,559,169

The Ontario Finance Authority ("OFA") was established on November 15, 1993 as an agency of the Province of Ontario and as such is considered a related party to the Board.

10. Net long-term liabilities (continued):

Payments relating to the net long-term liabilities outstanding as at August 31, 2022 are due as follows:

	Principal	Interest	Total
2022-2023	$ 183,980	$ 118,566	$ 302,546
2023-2024	193,419	109,127	302,546
2024-2025	203,343	99,203	302,546
2025-2026	213,777	88,769	302,546
2026-2027	224,746	77,800	302,546
Thereafter	1,364,903	184,984	1,549,887
	$ 2,384,168	$ 678,449	$ 3,062,617

Interest on long-term debt amounted to $123,696 (2021 - $132,356)

11. Obligations under capital leases:

	2022	2021
Capital lease obligation, bearing interest at 0.30%, Expiring 2023	$ 181,824	$ 363,649
Capital lease obligation, bearing interest at 0.30%, Expiring 2023	77,687	233,059
	$ 259,511	$ 596,708

Future minimum lease payment are as follows:

2023	$ 259,511

Interest on capital leases amounted to $111,468 (2021 - $132,146)

12. Expenses by object:

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

	2022 Budget	2022 Actual	2021 Actual
Current expenses:			
Salary and wages	$ 27,712,544	$ 27,904,496	$ 27,170,111
Employee benefits	4,734,931	4,495,202	4,167,606
Staff development	213,126	222,714	184,511
Supplies and services	3,969,992	3,323,696	3,213,637
Interest on long-term debt	126,888	123,696	132,356
Rental	186,855	111,468	132,146
Fees and contract services	2,270,155	2,402,057	2,179,666
School funded activities	150,415	580,231	253,864
Other	3,440,262	4,602,633	3,566,448
Amortization of tangible capital assets	2,593,308	3,272,928	2,914,420
	$ 45,398,476	$ 47,039,121	$ 43,914,765

13. Tangible capital assets:

Cost	Balance at August 31, 2021	Additions	Transfers	Disposals and Write-offs	Balance at August 31, 2022
Land	$ 334,100	$ -	$ -	$ -	$ 334,100
Land improvements	4,486,900	19,462	-	-	4,506,362
Buildings	66,747,631	5,752,019	-	-	72,499,650
Other buildings	770,860	237,118	-	-	1,007,978
Portable structures	675,780	-	-	-	675,780
Furniture	78,972	-	-	-	78,972
Equipment	279,517	230,911	-	-	510,428
First-time equipping	117,676	-	-	-	117,676
Vehicles	108,261	34,268	-	-	142,529
Computer hardware and software	1,907,955	256,423	-	(50,263)	2,114,115
Total	$ 75,507,652	$ 6,530,201	$ -	$ (50,263)	$ 81,987,590

Accumulated amortization	Balance at August 31, 2021	Disposals	Transfers	Amortization Expense	Balance at August 31, 2022
Land	$ -	$ -	$ -	$ -	$ -
Land improvements	930,549	-	-	311,119	1,241,668
Buildings	24,552,819	-	-	2,552,977	27,105,796
Other buildings	426,926	-	-	41,950	468,876
Portable structures	669,625	-	-	324	669,949
Furniture	34,892	-	-	-	34,892
Equipment	270,305	-	-	9,213	279,518
First-time equipping	100,662	-	-	11,039	111,701
Vehicles	98,656	-	-	9,108	107,764
Computer hardware and software	903,973	-	-	337,197	1,241,170
Total	$ 27,988,407	$ -	$ -	$ 3,272,927	$ 31,261,334

	Net book value, August 31, 2021	Net book value, August 31, 2022
Land	$ 334,100	$ 334,100
Land improvements	3,556,351	3,264,694
Buildings	42,194,812	45,393,854
Other buildings	343,934	539,102
Portable structures	6,155	5,831
Furniture	44,080	44,080
Equipment	9,212	230,910
First-time equipping	17,014	5,975
Vehicles	9,605	34,765
Computer hardware and software	1,003,982	872,945
Total	$ 47,519,245	$ 50,726,256

14. Accumulated surplus:

Accumulated surplus consists of the following:

	2022	2021
Available for compliance – unappropriated		
Total operating accumulated surplus	$ 6,657,573	$ 6,139,851
Available for compliance – internally appropriated		
Reserve funds	712,196	566,715
Transportation surplus from prior years	85,374	85,374
	797,570	652,089
Unavailable for compliance – externally appropriated:		
Employee future benefits	(154,650)	(287,254)
Accrued interest	(74,352)	(74,352)
	(229,002)	(361,606)
Other:		
School activities fund	341,651	422,563
Revenues recognized for land	334,600	334,600
Tangible capital assets – unsupported amortization	1,525,874	1,704,418
	2,202,125	2,461,581
Total accumulated surplus	$ 9,428,266	$ 8,891,915

15. Ontario School Board Insurance Exchange (OSBIE):

The School Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act.

OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $24 million per occurrence.

The premiums over a five-year period are based on the reciprocals and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five-year term expires December 31, 2022.

16. Partnership in Tri-Board Transportation Consortium:

On April 26, 2005, the Board entered into an agreement with Conseil Scolaire Public du Nord-Est de l'Ontario and District School Board Ontario North East in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement decisions related to the financial and operating activities of the Tri-Board are shared. No partner is in a position to exercise unilateral control.

The total Tri-Board transportation expenses are $13,796,799 (2021 - $12,783,423) and the Boards' share is $3,499,711 (2021 - $3,163,925).

At year-end, the Board has a payable of $76,096 (2021 - receivable of $257,964) to the Consortium.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the partners.

17. Commitments:

Lease and service agreements:

The Board has entered into various lease and service agreements. Minimum payments (including taxes excluding tax rebates) for the next three years are approximately as follows:

2023	$ 1,129,213
2024	264,296
2025	253,263

18. Contingent liabilities:

The Board is contingently liable with respect to litigation and claims which arrive from time to time in the normal course of business. In the opinion of management, the liability that may arrive from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board.

The Board has been named as a defendant in two legal actions. The outcome of these actions are not determinable and, accordingly, no amounts have been reflected in the accounts of the Board for these matters.

19. Grants for student needs:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 97.7% percent of the consolidated revenues of the board are directly controlled by the provincial government through the grants for student needs. The payment amounts of this funding are as follows:

	2022	2021
Grants for student needs	$ 35,823,446	$ 34,379,973
Other	3,688,595	3,971,208
Amortization of deferred capital contributions	3,094,383	2,728,679
Provincial legislative grants	3,874,860	4,003,582
Grants for student needs	$ 46,481,284	$ 45,083,442

20. In-Kind transfers from the Ministry of Public and Business Service Delivery:

The Board 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 Public and Business Service Delivery (MPBSD). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSD and quantity information based on the board's records. The in-kind revenue recorded for these transfers is $346,750 with expenses based on use of $346,750 for a net impact of $Nil.

21. Effects of COVID-19:

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since this time, the pandemic has had a significant financial, market and social impacts, due to government-imposed lockdowns and social distancing requirements. The board has experienced physical closure of schools based on public health recommendations, implemented temporary virtual schooling, implemented mandatory working from home requirements for those able to do so, and cancelled fundraising events and other programs.

The duration and ongoing impact of the COVID-19 pandemic remains unclear at this time. Although all 2021-22 financial impacts were managed, the full extent of the financial impact on the financial position and results of the board for future periods is not possible to reliably estimate.

22. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Schedule of Reserve Funds Continuity

Year ended August 31, 2022, with comparative information for 2021

	Sick Leave Reserve Fund	WSIB Reserve Fund	Capital Reserve Fund	Bursaries Reserve Fund	Total 2022	Total 2021
Revenue:						
Interest earned	$ 2,511	$ 2,970	$ 848	$ 37	$ 6,366	$ 3,952
Transfers:						
Contributions	-	246,895	-	-	246,895	-
Transfers to income	(107,780)	-	-	-	(107,780)	-
	(107,780)	246,895	-	-	139,115	-
Change in reserve balance	(105,269)	249,865	848	37	145,481	3,952
Balance, beginning of year	350,233	122,857	90,028	3,597	566,715	562,763
Balance, end of year	$ 244,964	$ 372,722	$ 90,876	$ 3,634	$ 712,196	$ 566,715