

Consolidated Financial Statements of

**NORTHEASTERN CATHOLIC
DISTRICT SCHOOL BOARD**

And Independent Auditor's Report thereon

Year ended August 31, 2023

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

January 24, 2024



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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, and its consolidated results of operations, consolidated changes in net debt, 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 "***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 opinion.



Emphasis of Matter - Financial Reporting Framework

We draw attention to note 1 to the consolidated 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.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended August 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended August 31, 2022, as a result of a change in accounting policy. In our opinion such adjustments are appropriate and have been properly applied.

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.

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.



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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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
January 24, 2024

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

As at August 31, 2023, with comparative information for 2022

	2023	2022
		(restated - note 2)
Financial assets		
Cash	\$ 6,595,807	\$ 6,538,334
Accounts receivable (note 4)	9,888,919	8,868,576
Accounts receivable - Approved Capital Funding (note 5)	3,991,578	2,454,762
Total financial assets	20,476,304	17,861,672
Financial liabilities		
Accounts payable and accrued liabilities (note 6)	3,704,774	3,808,019
Deferred revenue (note 8)	4,760,125	2,952,674
Accrued interest on net long-term liabilities	32,101	42,260
Capital lease obligations (note 12)	15,000	259,511
Retirement and other employee future benefits payable (note 10)	853,775	979,678
Net long-term liabilities (note 11)	2,200,188	2,384,168
Deferred capital contributions (note 9)	49,390,801	48,866,276
Asset retirement obligations (note 13)	2,814,777	2,541,412
Total financial liabilities	63,771,541	61,833,998
Net debt	(43,295,237)	(43,972,326)
Non-financial assets		
Prepaid expenses	90,031	132,924
Tangible capital assets (note 16)	52,125,233	51,299,959
Total non-financial assets	52,215,264	51,432,883
Commitments (note 20)		
Contingent liabilities (note 21)		
Accumulated surplus (note 17)	\$ 8,920,027	\$ 7,460,557

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Board of Trustee 

Board of Trustee 

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual (restated - note 2)
Revenue:			
Grants for student needs (note 23)	\$ 45,494,749	\$ 46,762,907	\$ 46,481,284
Federal grants and fees	351,023	396,319	344,807
Other revenue - school boards	76,400	29,543	29,543
Other fees and revenue	80,523	893,446	183,606
Investment income	20,000	255,766	36,899
School generated funds	975,000	1,027,767	499,333
Total revenue	46,997,695	49,365,748	47,575,472
Expenses (note 15):			
Instruction	32,642,598	32,771,236	31,836,536
Administration	2,894,519	2,163,578	3,203,867
Transportation	3,677,214	3,800,253	3,630,866
Pupil accommodation	6,898,462	8,171,840	7,102,898
Other	-	-	684,723
School funded activities	975,000	999,371	580,231
Total expenses	47,087,793	47,906,278	47,039,121
Annual surplus (deficit)	(90,098)	1,459,470	536,351
Accumulated surplus, beginning of year	7,460,557	7,460,557	8,891,915
Adjustment for asset retirement obligation	-	-	(1,967,709)
Accumulated surplus, end of year	\$ 7,370,459	\$ 8,920,027	\$ 7,460,557

See accompanying notes to the consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

Year ended August 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual (restated - note 2)
Annual surplus	\$ (90,098)	\$ 1,459,470	\$ 536,351
Tangible capital assets:			
Acquisition of tangible capital assets	(5,801,415)	(4,664,174)	(6,530,201)
Amortization of tangible capital assets	2,914,420	4,105,870	3,272,927
Loss on disposal of tangible capital assets	-	-	50,263
Amortization of tangible capital assets - ARO	90,098	90,098	-
Revaluation of tangible capital assets - ARO	-	(357,068)	-
	(2,796,897)	(825,274)	(3,207,011)
Prepaid expenses:			
Acquisition of prepaid expenses	-	(90,031)	(132,924)
Use of prepaid expenses	-	132,924	319,321
	-	42,893	186,397
Decrease (increase) in net debt	(2,886,995)	677,089	(2,484,263)
Net debt, beginning of year	(43,972,326)	(43,972,326)	(38,946,651)
Adjustment for asset retirement obligation	-	-	(2,541,412)
Net debt, end of year	\$ (46,859,321)	\$ (43,295,237)	\$ (43,972,326)

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
Operating transactions:		
Annual surplus	\$ 1,459,470	\$ 536,351
Items not involving cash:		
Amortization of tangible capital assets	4,105,870	3,272,927
Amortization of deferred capital contributions	(3,986,335)	(3,094,383)
Amortization of tangible capital assets - ARO	90,098	-
Loss on disposal of tangible capital assets	-	50,263
	1,669,103	765,158
Change in non-cash assets and liabilities:		
Increase in accounts receivable	(1,020,343)	(1,715,378)
Decrease in accounts payable and accrued liabilities	(103,245)	(1,806,856)
Increase (decrease) in deferred revenue	1,807,451	(373,608)
Decrease in accrued interest on long-term debt	(10,159)	(3,190)
Decrease in employee future benefits	(125,903)	(362,536)
Decrease in prepaid expenses	42,893	186,397
Decrease in asset retirement obligation	(83,703)	-
Cash provided by (used for) operating transactions	2,176,094	(3,310,013)
Capital transactions:		
Cash used to acquire tangible capital assets	(4,664,174)	(6,530,201)
Financing transactions:		
Capital contributions received	4,510,860	6,526,943
Repayment of capital lease obligations	(244,511)	(337,197)
Principal repayments of long-term debt	(183,980)	(175,001)
(Increase) decrease in accounts receivable - Approved Capital Funding	(1,536,816)	2,044,636
Transfer from deferred capital contributions	-	(50,263)
Cash provided by financing transactions	2,545,553	8,009,118
Increase (decrease) in cash	57,473	(1,831,096)
Cash, beginning of year	6,538,334	8,369,430
Cash, end of year	\$ 6,595,807	\$ 6,538,334

See accompanying notes to consolidated financial statements.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2023

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

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

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 Tri-Board Transportation Consortium ("TTC") is accounted for using the consolidation method of accounting and reporting, whereby the Board's pro-rata share of net assets, revenues and expenses are combined in the financial statements.

Interdepartmental and inter-organizational transactions are eliminated in these consolidated financial statements.

(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) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost.

Fair value

The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(d) Financial instruments (continued)

Amortized cost

Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Capital lease obligations	Amortized cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

(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. The following items fall under this category:

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(f) Deferred capital contributions (continued):

- Government transfers received or receivable for capital purposes
- Other restricted contributions received or receivable for capital purposes
- Property taxation revenues which were historically used to fund capital assets

(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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(g) Retirement and other employee future benefits (continued):

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.

(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

Leased tangible capital assets are amortized over the term of the lease.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(i) Tangible capital assets (continued):

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.

(ii) 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 and Accumulated Surplus 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(k) Budget figures (continued):

The Board approves its budget annually. The approved operating budget for 2022-2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on December 14, 2022.

(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 and estimated costs and timing of asset retirement obligations.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$2,814,777. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used, indeterminate settlement dates, the allocation of costs between required and discretionary activities and/or change in the discount rate.

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

(m) Provincial legislative grants:

Under Public Sector Accounting Standards, the Board 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 Grants for student needs, under Provincial legislative grants.

2. Change in accounting policy – adoption of new accounting standards:

The Board adopted the following standards concurrently beginning September 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

2. Change in accounting policy – adoption of new accounting standards (continued):

to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Asset retirement obligation

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on September 1, 2022 on a modified retroactive basis with a prior period restatement upon adoption of this standard.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

2. Change in accounting policy – adoption of new accounting standards (continued):

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from board buildings. The Board reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

The Board's ongoing efforts to assess the extent to which designated substances exist in board assets, and new information obtained through regular maintenance and renewal of board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows.

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the Board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific.

As a result of applying this accounting standard, as of August 31, 2023, an asset retirement obligation of \$2,814,777 (2022 – \$2,541,412) was recognized as a liability in the Consolidated Statement of Financial Position. These obligations represent estimated retirement costs for the board owned buildings. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization for the period September 1, 2022 to August 31, 2023 as a proxy for September 1, 2021 to August 31, 2022 information. The associated DCC, DCC revenue, TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

2. Change in accounting policy – adoption of new accounting standards (continued):

The adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible Capital Assets including ARO	\$ 50,726,256	\$ 573,703	\$ 51,299,959
Asset retirement obligation liability	–	2,541,412	2,541,412
Accumulated Surplus (deficit)	9,428,266	(1,967,709)	7,460,557
Statement of Change in Net Debt			
Adjustment for asset retirement obligation	–	(2,541,412)	(2,541,412)
Net debt	(41,430,914)	(2,541,412)	(43,972,326)
Statement of Operations and Accumulated Surplus			
Adjustment for asset retirement obligation	–	(1,967,709)	(1,967,709)
Accumulated surplus	9,428,266	(1,967,709)	7,460,557

3. 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 \$179,282 (2022 - \$174,405) have been included with cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

4. Accounts receivable:

	2023	2022
Municipalities	\$ 450,971	\$ 370,980
Government of Canada	567,360	312,105
Government of Ontario	8,448,743	8,028,265
Other school boards	80,841	10,471
Other	341,004	146,755
	\$ 9,888,919	\$ 8,868,576

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, 2023 is \$8,090,708 (2022 - \$7,182,100).

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

5. 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 \$3,991,578 as at August 31, 2023 (2022 - \$2,454,762) with respect to capital grants.

6. Accounts payable and accrued liabilities:

	2023	2022
Trade payables and accrued liabilities	\$ 3,327,805	\$ 3,003,879
Government of Canada	249,322	18,865
Government of Ontario	75,200	722,188
Vacation payable	52,447	63,087
	<hr/> \$ 3,704,774	<hr/> \$ 3,808,019

7. Temporary borrowing:

The 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 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

8. 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, 2022	Externally restricted revenue and investment income	Revenue recognized in the period	Deferred revenue adjustment	Transfers (to) deferred capital contributions	Balance at August 31, 2023
Amounts restricted by legislation, regulation or agreement:						
Proceeds of disposition	\$ 598,137	\$ 25,748	\$ —	\$ —	\$ —	\$ 623,885
Special education	1,049,477	5,831,606	(5,567,004)	136,330	—	1,450,409
School renewal	187,841	1,055,287	(49,722)	—	(58,819)	1,134,587
Education Programs –						
Other (EPO)	497,389	1,196,738	(1,122,561)	—	—	571,566
Envelope	576,681	1,519,542	(1,162,716)	—	—	933,507
Childcare retrofit	1,366	—	—	—	—	1,366
	2,910,891	9,628,921	(7,902,003)	136,330	(58,819)	4,715,320
Amounts restricted by external contributor	41,783	189,324	(186,302)	—	—	44,805
Total	\$ 2,952,674	\$ 9,818,245	\$ (8,088,305)	\$ 136,330	\$ (58,819)	\$ 4,760,125

9. 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.

	2023	2022
Balance, beginning of year	\$ 48,866,276	\$ 45,483,979
Additions to deferred capital contributions	4,510,860	6,526,943
Transfer from deferred capital contributions	—	(50,263)
Revenue recognized during the year	(3,986,335)	(3,094,383)
Balance, end of year	\$ 49,390,801	\$ 48,866,276

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

10. 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.

(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, 2023, the Board contributed \$653,440 (2022 - \$601,079) 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.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

10. Employee future benefits (continued):

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, 2023. This actuarial valuation is based on assumptions about future events determined as at August 31, 2023 and is based on the average daily salary and banked sick days of employees as at August 31, 2023.

The accrued benefit obligations for employee future benefit plans as at August 31, 2023 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2023. 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:

	2023	2022
Inflation	2.0%	2.0%
Inflation - WSIB	2.5%	2.7%
Discount on accrued benefit obligations	4.4%	3.9%
Discount on accrued benefit obligations - WSIB	4.4%	3.9%

Assumed health care cost trend rates:

	2023	2022
Insurance and healthcare cost escalation - WSIB	4.0%	4.0%

The Board has internally appropriated an amount for sick leave totaling \$255,588 (2022 - \$244,964) and for WSIB totaling \$388,888 (2022 - \$372,722).

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

10. Employee future benefits (continued):

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

	Retirement Gratuity Benefits	Other Employee Future Benefits	2023 Total Employee Future Benefits	2022 Total Employee Future Benefits
Accrued benefit obligation				
Accrued employee future benefit obligations	\$ 569,340	\$ 285,061	\$ 854,401	\$ 986,288
Unamortized actuarial losses	(626)	–	(626)	(6,610)
	\$ 568,714	\$ 285,061	\$ 853,775	\$ 979,678

Employee future benefit expenses	Retirement Gratuity Benefits	Other Employee Future Benefits	2023 Total Employee Future Benefits	2022 Total Employee Future Benefits
Current year benefit cost	\$ –	\$ 3,752	\$ 3,752	\$ 14,652
Interest on accrued benefit obligation	23,696	11,062	34,758	21,871
Benefit payments	(112,997)	(49,165)	(162,162)	(430,708)
Amortization of actuarial losses (gains)	520	(2,771)	(2,251)	31,649
Employee future benefits expenses ¹	\$ (88,781)	\$ (37,122)	\$ (125,903)	\$ (362,536)

¹ Excluding pension contributions to multi-employer pension plans, described in note 10(b).

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

11. Net long-term liabilities:

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

	2023	2022
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	\$ 1,024,481	\$ 1,125,854
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	694,987	749,115
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	480,720	509,199
	\$ 2,200,188	\$ 2,384,168

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.

Payments relating to the net long-term liabilities outstanding as at August 31, 2023 are due as follows:

	Principal	Interest	Total
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
2027-2028	236,271	66,275	302,546
Thereafter	1,128,632	237,275	1,365,907
	\$ 2,200,188	\$ 678,449	\$ 2,878,637

Interest on long-term debt amounted to \$107,789 (2022 - \$123,696).

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

12. Obligations under capital leases:

	2023	2022
Capital lease obligation, bearing interest at 0.30%, expiring 2023	\$ 15,000	\$ 181,824
Capital lease obligation, bearing interest at 0.30%, expired 2023	—	77,687
	\$ 15,000	\$ 259,511

Future minimum lease payment is as follows:

2024	\$ 15,000
------	-----------

13. Asset retirement obligations:

The Board has recorded an asset retirement obligation as of the September 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

As at August 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
Liabilities for asset retirement obligations at beginning of year	\$ 2,541,412	\$ —
Liabilities incurred during the year	—	2,541,412
Increase in liabilities reflecting changes in the estimate of liabilities ¹	357,068	—
Liabilities settled during the year	(83,703)	—
	\$ 2,814,777	\$ 2,541,412

¹ Reflecting changes in the estimated cash flows.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

14. Revaluation of asset retirement obligations liability:

As a result of recent high levels of inflation and liability balances based on previous cost estimates, the Board has made an inflation adjustment increase in estimates of 14.05% as at March 31, 2023, in line with the Provincial government fiscal year-end, to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index (BCPI) survey from October 1, 2021 to September 30, 2022 and is the rate being used to update costs assumptions in the costing models in order to be reflective of March 31, 2023 costs.

15. Expenses by object:

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

	2023 Budget	2023 Actual	2022 Actual
Current expenses:			
Salary and wages	\$ 28,810,301	\$ 27,358,323	\$ 27,904,496
Employee benefits	5,180,853	4,767,827	4,495,202
Staff development	188,568	299,394	222,714
Supplies and services	2,633,006	3,423,373	3,323,696
Interest on long-term debt	132,356	107,789	123,696
Rental	123,000	121,962	111,468
Fees and contract services	2,319,819	2,661,436	2,402,057
School funded activities	975,000	999,371	580,231
Other	320,766	319,584	852,199
Transfer to other boards	3,399,606	3,651,251	3,750,434
Amortization of asset retirement obligation	90,098	90,098	–
Amortization, write-downs and net loss on disposal of tangible capital assets	2,914,420	4,105,870	3,272,928
	\$ 47,087,793	\$ 47,906,278	\$ 47,039,121

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

16. Tangible capital assets:

Cost	Balance at August 31, 2022 (restated - note 2)	Additions	Disposals and Write-offs	Revaluation of ARO	Balance at August 31, 2023
Land	\$ 334,100	\$ 82,620	\$ -	\$ -	\$ 416,720
Land improvements	4,506,362	-	-	-	4,506,362
Buildings	75,041,051	4,025,902	-	357,068	79,424,021
Other buildings	1,007,978	20,083	-	-	1,028,061
Portable structures	675,780	-	-	-	675,780
Furniture	78,972	-	-	-	78,972
Equipment	510,428	93,322	-	-	603,750
First-time equipping	117,676	-	-	-	117,676
Vehicles	142,529	-	(17,177)	-	125,352
Computer hardware and software	2,114,115	442,247	-	-	2,556,362
Total	\$ 84,528,991	\$ 4,664,174	\$ (17,177)	\$ 357,068	\$ 89,533,056

Accumulated amortization	Balance at August 31, 2022 (restated - note 2)	Disposals	Amortization Expense	Amortization Expense - Revaluation	Balance at August 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	1,251,804	-	313,553	-	1,565,357
Buildings	29,093,113	-	3,258,123	22,843	32,374,079
Other buildings	439,131	-	49,594	-	488,725
Portable structures	669,949	-	324	-	670,273
Furniture	34,892	-	22,040	-	56,932
Equipment	279,517	-	44,233	-	323,750
First-time equipping	111,702	-	5,974	-	117,676
Vehicles	107,754	(17,177)	11,393	-	101,970
Computer hardware and software	1,241,170	-	467,891	-	1,709,061
Total	\$ 33,229,032	\$ (17,177)	\$ 4,173,125	\$ 22,843	\$ 37,407,823

	Net book value, August 31, 2022 (restated - note 2)	Net book value, August 31, 2023
Land	\$ 334,100	\$ 416,720
Land improvements	3,254,558	2,941,005
Buildings	45,947,938	47,049,942
Other buildings	568,847	539,336
Portable structures	5,831	5,507
Furniture	44,080	22,040
Equipment	230,911	280,000
First-time equipping	5,974	-
Vehicles	34,775	23,382
Computer hardware and software	872,945	847,301
Total	\$ 51,299,959	\$ 52,125,233

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

17. Accumulated surplus:

Accumulated surplus consists of the following:

	2023	2022
Available for compliance – unappropriated		
Total operating accumulated surplus	\$ 8,156,912	\$ 6,657,573
Available for compliance – internally appropriated		
Reserve funds	672,392	712,196
Transportation surplus from prior years	85,374	85,374
	757,766	797,570
Unavailable for compliance – externally appropriated:		
Employee future benefits	(44,186)	(154,650)
Accrued interest	(74,352)	(74,352)
School activities fund	370,064	341,651
Revenues recognized for land	334,600	334,600
Asset retirement obligation	(2,057,807)	(1,967,709)
Tangible capital assets – unsupported amortization	1,477,030	1,525,874
	5,349	5,414
Total accumulated surplus	\$ 8,920,027	\$ 7,460,557

18. Ontario School Board Insurance Exchange (OSBIE):

The 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 \$27 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, 2023.

Premiums paid to OSBIE for the policy year ending December 31, 2022 amounts to \$77,239 (December 31, 2021 - \$82,671)

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

19. 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.

In the year, the Board incurred expenses totaling \$3,651,251 (2022 - \$3,499,711) for student transportation services provided by the TTC. These amounts are included in transportation expenditure on the consolidated statement of operations and accumulated surplus.

At year-end, the Board has a payable of \$231,015 (2022 - \$76,096) from the TTC.

20. 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 two years are approximately as follows:

2024	\$	264,296
2025		253,263

21. Contingent liabilities:

- a) 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 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.

- b) Subsequent to the financial statement date, a monetary resolution to Bill 124 was reached between the Crown and four education sector unions: the Ontario Secondary School Teachers' Federation (OSSTF) Teachers, OSSTF Education Workers, the Elementary Teachers' Federation of Ontario Education Workers (ETFO-EW) and the Canadian Union of Public Employees Ontario School Board Council of Unions (CUPE OSBCU). The agreements provide for a 0.75% increase in salaries and wages for the 2019-20 school year and a 0.75% increase in salaries and wages for the 2020-21 school year for the four unions. For OSSTF and ETFO-EW, the agreement provides a minimum of 1.5% to a maximum of 3.25% increase in salaries and wages for the 2021-22 school year, which will be awarded through an arbitration process expected to be completed in the 2023-24 school year. The increase in salaries and wages for the 2021-22 school year for CUPE OSBCU will be as determined for OSSTF.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

21. Contingent liabilities (continued):

- b) The agreements include a provision whereby the Crown has committed to funding this monetary resolution for these employee groups to the applicable school boards consistent with the appropriate changes to the Grants for Student Needs benchmarks.

No other agreements have been reached with other education workers and teachers.

- c) The Board is contingently liable for letters of credit guaranteed by RBC amounting to \$280,994.

22. Debt charges:

The expenditure for debt charges includes principal and interest payments as follows:

	2023	2022
Principal payments on long-term debt and capital leases	\$ 428,491	\$ 512,198
Interest payment on long-term debt and capital leases	107,789	123,696
	<u>\$ 536,280</u>	<u>\$ 635,894</u>

23. 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. 94.7% 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:

	2023	2022
Grants for student needs	\$ 38,286,382	\$ 35,823,446
Other	560,919	3,688,595
Amortization of deferred capital contributions	3,986,335	3,094,383
Provincial legislative grants	3,929,271	3,874,860
	<u>\$ 46,762,907</u>	<u>\$ 46,481,284</u>

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

24. 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 \$9,544 with expenses based on use of \$9,544 for a net impact of \$Nil.

25. Budget reconciliation:

The audited budget data presented in these consolidated financial statements is based upon the 2023 budgets approved by the Board. The budget was prepared prior to the implementation of the PS 3280-Assets Retirement Obligations (ARO) standard.

The chart below reconciles the approved budget to the budget figures reported in the Consolidated Statement of Operations.

Where amounts were not budgeted for (ARO amortization and accretion expenses), the actual amounts for 2023 were used to adjust the budget numbers to reflect the same accounting policies that were used to report the actual results.

As school boards only budget the Statement of Operations, the budget figures in the Consolidated Statement of Change in Net Debt have not been provided. The adjustments do not represent a formal amended budget as approved by the Board. This is an amendment to make the 2023 budget information more comparable.

	2022-23 Budget	Change	2022-23 Budget – Restated and Unaudited
Revenues	\$ 46,997,695	\$ –	\$ 46,997,695
Expenses	46,997,695	–	46,997,695
Amortization of TCA-ARO	–	90,098	90,098
Annual surplus (deficit)	–	90,098	(90,098)
Accumulated surplus, beginning of year	7,460,557	–	7,460,557
Adjusted accumulated surplus, at beginning of year	7,460,557	–	7,460,557
Accumulated surplus, at end of year	\$ 7,460,557	\$ 90,098	\$ 7,370,459

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

26. Future accounting standard adoption:

The Board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements.

Standards applicable for fiscal years beginning on or after April 1, 2023 (in effect for the Board for as of September 1, 2023 for the year ending August 31, 2024):

PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e., the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

27. Risk management:

The Board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

(a) Credit risk:

The Board's principal financial assets are cash and cash equivalents and accounts receivable which are subject to credit risk. The carrying amounts of financial assets on the Consolidated Statement of Financial Position represent the Board's maximum credit exposure as at the Consolidated Statement of Financial Position date.

(b) Market risk:

The Board is exposed to interest rate risk on its long-term debt, which is regularly monitored.

The Board's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the Board's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

(c) Liquidity risk:

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of long-term debt and capital lease obligations are disclosed in note 12 and note 13. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2023

27. Risk management (continued):

(c) Liquidity risk (continued):

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at August 31, 2023	Within 6 months	6 - 12 months	1 - 4 years	4+ years	Total
Accounts payable	\$ 3,704,774	\$ –	\$ –	\$ –	\$ 3,704,774
Long-term debt	96,710	96,710	641,867	1,364,901	2,200,188
Capital lease obligations	15,000	–	–	–	15,000
	\$ 3,816,484	\$ 96,710	\$ 641,867	\$ 1,364,901	\$ 5,919,962

As at August 31, 2022	Within 6 months	6 - 12 months	1 - 4 years	4+ years	Total
Accounts payable	\$ 3,808,019	\$ –	\$ –	\$ –	\$ 3,808,019
Long-term debt	91,990	91,990	610,540	1,589,648	2,384,168
Capital lease obligations	122,255	122,256	15,000	–	259,511
	\$ 4,022,264	\$ 214,246	\$ 625,540	\$ 1,589,648	\$ 6,451,698

NORTHEASTERN CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Schedule of Reserve Funds Continuity

Year ended August 31, 2023, with comparative information for 2022

	Sick Leave Reserve Fund	WSIB Reserve Fund	Capital Reserve Fund	Bursaries Reserve Fund	Total 2023	Total 2022
Revenue:						
Interest earned	\$ 10,624	\$ 16,166	\$ 3,942	\$ 157	\$ 30,889	\$ 6,366
Transfers:						
Contributions	-	-	-	-	-	246,895
Transfers to income	-	-	(70,693)	-	(70,693)	(107,780)
	-	-	(70,693)	-	(70,693)	139,115
Change in reserve balance	10,624	16,166	(66,751)	157	(39,804)	145,481
Balance, beginning of year	244,964	372,722	90,876	3,634	712,196	566,715
Balance, end of year	\$ 255,588	\$ 388,888	\$ 24,125	\$ 3,791	\$ 672,392	\$ 712,196