

**The Northwest Catholic
District School Board
Consolidated Financial Statements
For the year ended August 31, 2020**

The Northwest Catholic District School Board
Consolidated Financial Statements
For the year ended August 31, 2020

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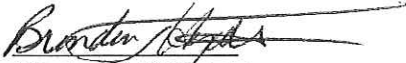
The accompanying consolidated financial statements of The Northwest Catholic District School Board are the responsibility of the Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, 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 management and 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 BDO Canada LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.


Director of Education
Brendan Hyatt


Superintendent of Business
Seija Van Haesendonck, CPA, CA

December 1, 2020



Independent Auditor's Report

To the Board of Trustees of The Northwest Catholic District School Board

Opinion

We have audited the consolidated financial statements of The Northwest Catholic District School Board and its controlled entities (the Group), which comprise the consolidated statement of financial position as at August 31, 2020, the consolidated statements of operations, cash flow and changes in net debt for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at and for the year ended August 31, 2020, are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 - Basis of Accounting

We draw attention to Note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with the basis of accounting described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants


Dryden, Ontario
December 1, 2020

Schedule 1 - Consolidated Statement of Financial Position For the year ending August 31

	2019-2020 Col 1	2018-2019 Col 2
1 FINANCIAL ASSETS		
1.1 FP - Cash and Cash Equivalents	3,373,006	3,015,620
1.2 FP - Temporary Investments	-	12
1.3 FP - Accounts Receivable	16,288,338	20,545,799
1.4 FP - Investments	-	-
1.4.1 FP - Assets Held for Sale	530,000	-
1.5 FP - Financial Assets - Other	-	-
1.6 TOTAL FINANCIAL ASSETS	20,191,344	23,561,431
2 LIABILITIES		
2.1 FP - Temporary Borrowing	1,681,951	3,992,997
2.2 FP - Accounts Payable and Accrued Liabilities	935,143	679,649
2.3 FP - Liabilities - Other	986,596	3,164,142
2.4 FP - Net Debenture Debt, Capital Loans and Leases	752,237	792,605
2.5 FP - Deferred Revenue	4,301,129	2,824,083
2.6 FP - Employee Benefits Payable	877,680	822,586
2.7 FP - Deferred Capital Contributions	28,516,689	28,240,530
2.8 TOTAL LIABILITIES	38,051,425	40,516,592
3 NET FINANCIAL ASSETS (NET DEBT)	-17,860,081	-16,955,161
4 NON-FINANCIAL ASSETS		
4.1 FP - Prepaid Expenses	11,211	-
4.2 FP - Inventories of Supplies	-	-
4.3 FP - Tangible Capital Assets	32,396,107	30,687,769
4.4 TOTAL NON-FINANCIAL ASSETS	32,407,318	30,687,769
5 ACCUMULATED SURPLUS/(DEFICIT)	14,547,237	13,732,608

Signed On Behalf Of The Board:


 Signature of Chief Executive Officer


 Signature of Chair of the Board

Schedule 1.1 - Consolidated Statement of Operations

		Budget	Current Year Actual	Prior Year Actual
1	REVENUES			
1.1	Provincial Legislative Grants	21,890,203	22,035,737	21,683,607
1.2	Provincial Grants - Other	89,627	331,069	835,285
1.3	Local Taxation	2,048,500	2,073,453	2,097,006
1.4	School Generated Funds Revenues	375,000	236,414	539,794
1.5	Federal Grants and Fees	1,043,201	1,028,694	1,036,045
1.6	Investment Income	25,000	89,486	104,943
1.7	Total Other Fees and Revenues from School Boards	-	-	-
1.8	Fees and Revenues from Other Sources	24,000	30,454	35,452
1.10	Total Revenue Category	25,495,531	25,825,307	26,332,132
2	EXPENSES			
2.1	Total Instruction Expenses	18,033,657	17,191,808	19,144,509
2.2	Total Administration Expenses	2,260,354	2,302,637	2,160,770
2.3	Total Transportation Expenses	1,455,248	1,369,072	1,357,287
2.4	Total Pupil Accommodation Expenses	3,260,113	3,950,302	2,972,103
2.5	Total School Generated Funds Expenses.	375,000	196,859	460,526
2.6	Other Expenses.	0	0	14,344
2.7	Total Expense Category	25,384,372	25,010,678	26,109,539
3.1	Annual Surplus (Deficit)	111,159	814,629	222,593
3.2	Accumulated Surplus (Deficit) at Beginning of Year	13,401,858	13,732,608	13,510,015
3.3	Accumulated Surplus (Deficit) at End of Year	13,513,017	14,547,237	13,732,608

Schedule 1.2 - Consolidated Statement of Cash Flow

	2019-2020	2018-2019
1.0 OPERATING TRANSACTIONS		
1.1 Annual surplus (deficit) for Consolidated Statement of Cash Flow	814,629	222,593
Non-cash items including:		
2.1 Amortization, write downs, (gain)loss on disposal of TCA and transfers to AHFS(Note: excluding deferred gain on disposal of restricted assets)	2,680,505	1,262,127
2.2 Deferred capital contributions revenue	-1,389,159	-1,238,585
2.3 Deferred Gain on Disposal of Restricted Assets	0	0
2.4 Decrease (Increase) in temporary investments	12	5,354,775
2.5 Decrease (Increase) in accounts receivable - other	-595,033	-97,575
2.5.1 Decrease (Increase) in accounts receivable - Delayed Grant Payment	-1,695,226	-11,509,774
2.6 Decrease (Increase) in other financial assets	-	-
2.7 Decrease (Increase) in assets held for sale	-530,000	-
2.8 Increase (Decrease) in Accounts payable & Accrued liabilities	255,494	91,320
2.9 Increase (Decrease) in Other liabilities	-2,177,546	1,888,755
2.10 Increase (Decrease) in deferred revenues - operating	549,466	-124,795
2.11 Increase (Decrease) employee benefits payable	55,094	-56,794
2.12 Decrease (Increase) in prepaid expenses	-11,211	7,100
2.13 Decrease (Increase) in inventories of supplies	-	-
2.14 Cash provided by (applied to) operating transactions	-2,042,975	-4,200,853
3.0 CAPITAL TRANSACTIONS		
3.1 Proceeds on sale of tangible capital assets	-	-
3.2 Cash used to acquire tangible capital assets	-4,388,843	-11,906,155
3.3 Cash provided by (applied to) capital transactions	-4,388,843	-11,906,155
4.0 INVESTING TRANSACTIONS		
4.1 Decrease (Increase) in long term investments	-	-
4.2 Net increase (decrease) in cash from investing	-	-
5.0 FINANCING TRANSACTIONS		
5.1 Long term liabilities issued	-	-
5.2 Increase (Decrease) in temporary borrowing	-2,311,046	3,992,997
5.3 Debt repaid and sinking fund contributions	-40,368	-38,453
5.4 Decrease (Increase) in accounts receivable - Gov of Ontario - Approved capital	6,547,720	-5,808,392
5.5 Additions to (disposals from) deferred capital contributions	1,665,318	11,763,081
5.6 Increase (Decrease) in deferred revenues - Capital	927,580	-469,058
5.7 Net increase (decrease) in cash from financing	6,789,204	9,440,175
6.0 Change in Cash and Cash Equivalents	357,386	-6,666,833
7.0 Opening Cash and Cash Equivalents	3,015,620	9,682,453
8.0 Closing Cash and Cash Equivalents	3,373,006	3,015,620

Schedule 1.3 - Consolidated Statement of Change in Net Debt

	2019-2020	2018-2019
1.0 Annual Surplus (Deficit) for Consolidated Statement of Change in Net Debt	814,629	222,593
2.0 TANGIBLE CAPITAL ASSET ACTIVITY		
2.1 Acquisition of tangible capital assets	-4,388,843	-11,906,155
2.2 Amortization of tangible capital assets	1,435,858	1,262,127
2.3 Loss (Gain) on sale of tangible capital assets	714,647	0
2.4 Proceeds on sale of tangible capital assets		
2.4.1 Less: Gains on sale allocated to deferred revenue	0	0
2.5 Transfer to assets held for sale	530,000	0
2.6 Write-downs of tangible capital assets		
2.7 Total tangible capital asset activity	-1,708,338	-10,644,028
3.0 OTHER NON-FINANCIAL ASSET ACTIVITY		
3.1 Acquisition of supplies inventories		
3.2 Acquisition of prepaid expenses	-11,211	
3.3 Consumption of supplies inventories		
3.4 Use of prepaid expenses		7,100
3.5 Total other non-financial asset activity	-11,211	7,100
4.0 Change in net financial assets (net debt)	-904,920	-10,414,335
4.1 Net financial assets (net debt) at beginning of year	-16,955,161	-6,540,826
4.2 Net financial assets (net debt) at end of year	-17,860,081	-16,955,161
4.3 Reconciliation Target Category	-17,860,081	-16,955,161

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

1. Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared by management in accordance with the basis of accounting described below.

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 Province 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 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 depreciation, 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 Regulation 395/11 are significantly different from the requirements of Canadian Public Sector Accounting Standards which requires 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;

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Basis of Accounting (continued)	<ul style="list-style-type: none">•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•property taxation revenue be reported as revenue when received or receivable in accordance with Public Sector Accounting Standard PS3510. <p>As a result, revenue recognized in the consolidated statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian public sector accounting standards. (See Note 2)</p>
Reporting Entity	<p>The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus balances of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to The Northwest Catholic District School Board (“the Board”) and which are controlled by the Board.</p> <p>School generated funds, which include the assets, liabilities, revenues, expenses and accumulated surplus balances of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.</p> <p>Consolidated entities include:</p> <p>Northwestern Ontario Student Services Consortium Rainy River District Transportation Services Consortium School Generated Funds</p> <p>Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.</p>
Trust Funds	<p>Trust funds and their related operations administered by the Board are not included in the financial statements as they are not controlled by the Board.</p>
Cash and Cash Equivalents	<p>Cash and cash equivalents are comprised 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 of less than 90 days.</p>

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Temporary Investments

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition, and are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

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 tangible capital asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

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

Assets under construction 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 net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service 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.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset, with the exception of land, commencing once the asset is available for productive use as follows:

	<u>Years</u>
Land improvements with finite lives	15
Buildings	40
Portable structures	20
First-time equipping of schools	10
Furniture	10
Equipment	5 to 15
Computer hardware	5
Computer software	5

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Deferred Revenue	<p>Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services are performed.</p>
Deferred Capital Contributions	<p>Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:</p> <ul style="list-style-type: none">• Government transfers received or receivable for capital purpose• Other restricted contributions received or receivable for capital purpose• Property taxation revenues which were historically used to fund capital assets
Government Transfers	<p>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.</p> <p>Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions (DCC). Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.</p>
Investment Income	<p>Investment income is reported as revenue in the period earned.</p> <p>When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges, and special education forms part of the respective deferred revenue balances.</p>

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Retirement and Other Employee Future Benefits

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

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-principals Associations, an Employee Life and Health Trust (ELHT) was established in 2016-2017 for the OECTA employee group. The following ELHTs were established in 2017-18: CUPE EWBT and ONE-T for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. Currently the ONE-T ELHT also provides benefits to individuals who retired prior to the school board's participation date in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

The Board has adopted the following 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 at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days (if applicable) 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 service life of the employee group.

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

Retirement and Other Employee Future Benefits (continued)

For self-insured retirement and other employee future benefits that vest or accumulated 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 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 and long-term disability, 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 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.

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 budget figures are unaudited.

Use of Estimates

The preparation of consolidated financial statements in conformity with the basis of accounting as described in Note 1 (Basis of Accounting) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year.

Accounts subject to significant estimates include employee future benefits payable, tangible capital asset amortization, and deferred capital contributions revenue and accrued liabilities.

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

2. Impact of Accounting for Government Transfers and Externally Restricted Contributions under Regulation 395/11

As noted in the significant accounting policies, the accounting requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards. The quantification of the difference if government transfers and externally restricted contributions were accounted for under Canadian public sector accounting standards would create the equivalent amount of work as completing a retroactive restatement of the deferred capital contributions to comply with PSAB standards, which the Ministry has intentionally not complied with due to the inherent lack of information. It has been determined that the quantification of the impact in accounting for deferred capital contributions between Regulation 395/11 and PSAB is not practicable.

3. Temporary Investments

	2020		2019
Guaranteed Investment Certificates	\$ 0	\$	12

The cost of the above investments is equal to the market value of investments.

4. Accounts Receivable - Municipalities

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax amounts to the Board. This amount for the Board was \$185,000, and has been included in accounts receivable on the statement of financial position. This amount will be recovered fully by the Board in the following school year.

5. Accounts Receivable - Government of Ontario - Approved Capital

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Northwest Catholic District School 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 \$ 752,237 as at August 31, 2020 (2019 - \$ 792,605) with respect to this capital grant.

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, 2020 is \$13,205,000 (2019 - \$11,509,774).

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

6. Assets Held for Sale

As of August 31, 2020, \$530,000 (2019 - \$ nil) related to buildings were recorded as assets held for sale. One property with a net book value of \$1,244,647 was reclassified during the year, resulting in a loss on write-down of \$ 714,647 (2019 - \$ nil). Subsequent to year-end, an offer to purchase the surplus property was received from Rainy River District Social Services Administration Board and accepted by the Board.

7. Temporary Borrowing

The Board has an operating line of credit available through The Toronto-Dominion Bank, to a maximum of \$5,000,000, repayable on demand, with an interest rate of prime rate less 0.75% (1.70% at year-end). At year end, no amount had been drawn on this facility.

The Board has an operating loan available through The Toronto-Dominion Bank, to a maximum of \$13,828,378, repayable by December 31, 2020, with an interest rate of prime rate less 0.75% (1.70% at year end). This loan is intended to assist with the construction costs of St. Mary School in Fort Frances. At year end, \$1,681,951 had been drawn on this facility (2019 - \$3,992,997).

8. Accounts Payable - Government of Ontario

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019-20 Revised Estimates. This amount for the Board was \$513,000. This amount will be recovered by the Province in 2021.

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

9. Net Debenture Debt

	2020	2019
Debenture payable from the Ontario Financing Authority, interest at 4.56% with blended semi-annual payments of principal and interest in the amount \$3,198; due November 2031	\$ 56,742	\$ 60,423
Debenture payable from the Ontario Financing Authority, interest at 4.90% with blended semi-annual payments of principal and interest in the amount \$25,861; due March 2033	487,409	514,258
Debenture payable from the Ontario Financing Authority, interest at 5.062% with blended semi-annual payments of principal and interest in the amount \$7,351; due March 2034	144,911	152,007
Debenture payable from the Ontario Financing Authority, interest at 5.232% with blended semi-annual payments of principal and interest in the amount \$3,078; due April 2035	63,175	65,917
	\$ 752,237	\$ 792,605

Debt charges for the next five years and thereafter are as follows:

	Principal	Interest	Total
2021	\$ 42,379	\$ 36,596	\$ 78,975
2022	44,490	34,485	78,975
2023	46,706	32,269	78,975
2024	49,032	29,943	78,975
2025	51,475	27,500	78,975
Thereafter	518,155	117,242	635,397
	\$ 752,237	\$ 278,035	\$ 1,030,272

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

10. Deferred Revenue

The use of certain reserve funds are restricted by the provincial government regulations. It is a requirement of Canadian public sector accounting standards that these reserve funds be reported as deferred revenue.

- a) Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2020, is comprised of:

	2020	2019
School Renewal (formerly Pupil Accommodation)	\$ 2,985,213	\$ 2,545,861
Assets Held for Sale	488,228	0
Other	827,688	278,222
	\$ 4,301,129	\$ 2,824,083

	Opening Balance Aug. 31/19	Externally Restricted Revenue and Invested Income	Revenue Recognized	Transfer to Deferred Cap Contrib	Ending Balance Aug. 31/20
School Renewal	\$ 2,545,861	\$ 682,268	\$ 187,472	\$ 55,444	\$ 2,985,213
Assets Held for Sale	-	488,228	-	-	488,228
Other	278,222	4,394,893	3,845,427	-	\$ 827,688
	\$ 2,824,083	\$ 5,565,389	\$ 4,032,899	\$ 55,444	\$ 4,301,129

11. Retirement and Other Employee Future Benefits

	2020		2019	
Liabilities	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Accrued employee future benefits obligations	\$ 836,252	\$ 188,446	\$ 1,024,698	\$ 994,135
Unamortized actuarial gains (losses)	(147,018)	-	(147,018)	(171,549)
Employee future benefits liability	\$ 689,234	\$ 188,446	\$ 877,680	\$ 822,586

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

11. Retirement and Other Employee Future Benefits (continued)

Expenses	2020		2019	
	Retirement Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Current year benefit cost	\$ -	\$ 109,047	\$ 109,047	\$ 10,190
Interest on accrued benefit obligation	16,585	2,919	19,504	27,564
Current year (gain)/loss amortization	41,273	(10,987)	30,286	46,750
Employee future benefits expenses	\$ 57,858	\$ 100,979	\$ 158,837	\$ 84,504

The amount of benefits paid during the year was \$ 52,721 (2019 - \$ 104,555) for retirement benefits and \$ 51,022 (2019 - \$ 36,743) for other employee future benefits.

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 Province 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 are equal to employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$ 351,986 (2019 - \$342,864) 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.

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

11. Retirement and Other Employee Future Benefits (continued)

(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 up to August 31, 2012.

(iv) Retirement Life Insurance and Health Care Benefits

The Board continues to provide life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements.

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, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2020, were \$134,938 (2019 - \$136,278) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. The plan changes made in 2012 now requires school boards to provide salary top-up for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provisions.

(ii) Long-Term Disability Salary Compensation

The costs of salary compensation paid to employees on long-term disability leave are fully insured and are not included in the defined benefit plan.

(iii) Sick Leave Top-Up Benefits

A maximum of 11 unused sick leave days from the current year may be carried forward to 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 benefit costs expensed in the financial statements are \$ 4,628 (2019 - \$ 13,996).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2020. This actuarial valuation is based on assumptions about future events.

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

11. Retirement and Other Employee Future Benefits (continued)

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans are based on actuarial valuations for accounting purposes as at August 31, 2020. 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:

	2020	2019
	%	%
Inflation	1.5	1.5
Wage and salary escalation	-	-
Discount on accrued benefit obligations	1.4	2.0

12. 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.

	2020	2019
Opening balance	\$ 28,240,530	\$ 17,716,034
Additions to deferred capital contributions	2,868,193	11,763,081
Disposals and transfer to financial assets	(1,202,875)	0
Revenue recognized in the period	(1,389,159)	(1,238,585)
Closing balance	\$ 28,516,689	\$ 28,240,530

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

13. Expenses by Object

The following is a summary of the expenses reported on the consolidated statement of operations by object:

	Budget 2020	Actual 2020	Actual 2019
Salaries and wages	\$ 16,033,677	\$ 15,616,977	\$ 17,062,519
Employee benefits	2,829,630	3,009,222	3,069,302
Staff development	276,349	159,170	262,338
Supplies and services	2,182,809	1,694,366	2,289,772
Interest charges on capital	38,607	38,607	40,522
Rental expenses	51,000	49,859	48,762
Fees and contract services	2,540,900	2,117,492	2,043,894
Other	29,600	174,480	30,303
Amortization and write downs	1,401,800	2,150,505	1,262,127
	\$ 25,384,372	\$ 25,010,678	\$ 26,109,539

14. Ontario School Board Insurance Exchange (OSBIE)

The Board is a member of the 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 ultimate 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, 2021.

15. Contractual Obligations

The Board has a contractual obligation through the Northwestern Ontario Student Services Consortium for transportation services with Iron Range, Hutchison Bus Lines, First Student Canada, Schneider Bus Lines, and Little Tarp Logistics, for three years ending July 31, 2021. The value of the contract and the portion attributable to the Board fluctuates year to year based on ridership and the routes added or subtracted. For 2019-2020, the contracts are valued at \$ 5.75 million dollars, \$ 709,013 of which is estimated to be attributed to the Board.

The Board has a contractual obligation through the Rainy River District Transportation Services Consortium for transportation services with First Student, Dimit, Keith Jolicouer, Greg Ferris, Colin Romyn, Murray McDonald and Maury Nielson bus lines, for seven years beginning July 1, 2018 and ending June 30, 2025. For 2019-2020, the contract is valued at \$ 1.96 million dollars, \$ 478,729 of which is estimated to be attributed to the Board.

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

15. Contractual Obligations (continued)

The Board has an operating lease for its Dryden premises of \$3,277 per month, expiring in 2021.

The minimum annual lease payment for the next year is as follows:

2021	\$26,216
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16. Segmented Information

The Board is a government institution that primarily provides education services. No additional disclosure on a segmented basis was considered necessary as the Board considers all the services and activities they provide to be encompassed in the segment of education.

17. Debt Charges and Capital Loans

	2020	2019
Principal payments on long-term liabilities	\$ 40,368	\$ 38,453
Interest payments on long-term liabilities	38,607	40,522
	<u>\$ 78,975</u>	<u>\$ 78,975</u>

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

18. Tangible Capital Assets

	Construction in Progress	Land	Land Improvement	Furniture and Equipment	Buildings	Portables	Total
Cost, beginning of year	\$ 11,682,968	\$ 1,363,676	\$ 2,490,408	\$ 2,545,209	\$ 28,777,378	\$ 1,722,243	\$ 48,581,882
Transfer to financial assets	-	-	-	-	(3,382,016)	-	(3,382,016)
Additions	28,248	-	670,700	343,897	3,345,998	-	4,388,843
Transfers	(11,682,968)	-	-	-	11,682,968	-	-
Cost, end of year	28,248	1,363,676	3,161,108	2,889,106	40,424,328	1,722,243	49,588,709
Accumulated amortization, beginning of year	-	-	480,241	1,971,260	14,275,388	1,167,224	17,894,113
Transfer to financial assets	-	-	-	-	(2,137,369)	-	(2,137,369)
Amortization	-	-	182,539	260,895	871,612	120,812	1,435,858
Accumulated amortization, end of year	-	-	662,780	2,232,155	13,009,631	1,288,036	17,192,602
Net carrying amount, August 31, 2020	\$ 28,248	\$ 1,363,676	\$ 2,498,328	\$ 656,951	\$ 27,414,697	\$ 434,207	\$ 32,396,107
Net carrying amount, August 31, 2019	\$ 11,682,968	\$ 1,363,676	\$ 2,010,167	\$ 573,949	\$14,501,990	\$555,019	\$ 30,687,769

Assets under construction

Assets under construction having a value of \$ 28,248 (2019 - \$ 11,682,968) have not been amortized. Amortization of these assets will commence when the asset is put into service.

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

19. Accumulated Surplus

Accumulated surplus consists of the following:

	2020	2019
Investment in tangible capital assets	\$ 1,200,316	\$ 1,200,316
Amounts restricted for future use by Board motion	7,212,539	7,282,432
Other	6,134,382	5,249,860
	\$ 14,547,237	\$ 13,732,608

20. Trust Funds

The trust funds administered by the Board amounting to \$ 63,615 (2019 - \$ 118,880) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus. The trust fund balances are as follows:

	2020	2019
Rousseau Memorial Fund	\$ 3,455	\$ 3,455
Bishop Brodeur Jewel Scholarship	6,000	6,000
Legros Trust	919	1,290
Fontana Memorial Trust	25,741	28,235
Deferred Salary	27,500	79,900
	\$ 63,615	\$ 118,880

21. Contingent Liability

The Board has been in contact with its lawyer concerning a number of claims. In the opinion of management, the outcome of the claims is not determinable. An estimate of the Board's potential liability arising from these claims cannot be made at this time.

The Northwest Catholic District School Board

Notes to Consolidated Financial Statements

August 31, 2020

22. Partnerships in Transportation Consortiums

Northwestern Ontario Student Services Consortium

Effective the first day of 2010-11 year, the Board entered into an agreement with Keewatin-Patricia District School Board, Kenora Catholic District School Board and Conseil Scolaire de District Catholique des Aurores Boreales 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 Northwestern Ontario Student Services Consortium are shared. No partner is in a position to exercise unilateral control.

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 revenues and expenses.

The following provides condensed financial information.

	2020		2019	
	Total	Board Portion	Total	Board Portion
Financial Position:				
Financial assets	\$ 53,371	\$ 8,000	\$ 53,371	\$ 8,000
Financial liabilities	(53,371)	(8,000)	(53,371)	(8,000)
Accumulated surplus/(deficit)	\$ -	\$ -	\$ -	\$ -
Operations:				
Revenues	\$ 6,305,743	\$ 785,385	\$ 6,584,347	\$ 782,985
Expenses	(6,305,743)	(785,385)	(6,584,347)	(782,985)
Annual surplus/(deficit)	\$ -	\$ -	\$ -	\$ -

Rainy River District Transportation Services Consortium

Effective the first day of 2012-13 year the Board entered into an agreement with the Rainy River District School Board in order to provide common administration of student transportation in the Rainy River District. 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 Rainy River District Transportation Services Consortium are shared. No partner is in a position to exercise unilateral control.

The Northwest Catholic District School Board Notes to Consolidated Financial Statements

August 31, 2020

22. Partnerships in Transportation Consortiums (continued)

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 revenues and expenses.

The following provides condensed financial information.

	2020		2019	
	Total	Board Portion	Total	Board Portion
Operations:				
Revenues	\$ 2,261,989	\$ 552,830	\$ 2,136,435	\$ 541,800
Expenses	(2,261,989)	(552,830)	(2,136,435)	(541,800)
Annual surplus/(deficit)	\$ -	\$ -	\$ -	\$ -

23. Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a global pandemic. The pandemic has had a significant impact on the global economy and the education system. On March 12, 2020, the Province of Ontario ordered the closure of all publicly funded schools. This closure was later extended to include the remainder of the 2019/2020 school year and education services were moved to a virtual learning platform.

The Ontario Ministry of Education has provided new funding and authorized the redirection of existing funding towards the costs related to implementing safe reopening measures and procuring personal protective equipment. As at the audit report date, the Board has incurred costs of \$338,000 related to these initiatives.

Schools have physically re-opened in September 2020 but at reduced capacity due to virtual learning options offered.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration and the related financial impact cannot be reasonably estimated.
