

Consolidated Financial Statements of

**SUDBURY CATHOLIC DISTRICT
SCHOOL BOARD**

And Independent Auditor's Report thereon

Year ended August 31, 2025

MANAGEMENT REPORT

Year ended August 31, 2025

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Sudbury 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 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Director of Education

Superintendent of Business

December 3, 2025

**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at August 31, 2025
- 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 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, 2025, and its consolidated results of operations and its consolidated 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.

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

Our opinion is not modified in respect of this matter.

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 note 1 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.

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.



Page 3

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity'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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

December 3, 2025

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

As at August 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 3,761,830	\$ 7,204,459
Accounts receivable (note 2)	10,025,540	14,289,052
Accounts receivable - Approved Capital Funding (note 3)	23,670,593	23,510,688
Total financial assets	37,457,963	45,004,199
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	5,206,277	10,906,554
Net long-term liabilities (note 10)	19,198,458	20,851,032
Deferred revenue (note 6)	4,762,716	5,470,742
Deferred capital contributions (note 7)	92,221,418	90,864,214
Retirement and other employee future benefits (note 9)	1,131,008	1,088,881
Asset retirement obligation (note 8)	2,328,824	2,321,583
Total financial liabilities	124,848,701	131,503,006
Net debt	(87,390,738)	(86,498,807)
Non-financial assets		
Prepaid expenses	695,390	1,504,960
Tangible capital assets (note 12)	101,356,459	99,615,843
Total non-financial assets	102,051,849	101,120,803
Contractual obligations (note 15)		
Accumulated surplus (note 13)	\$ 14,661,111	\$ 14,621,996

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Director of Education

Chair of the Board

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

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

	2025 Budget	2025 Actual	2024 Actual
Revenue:			
Government of Ontario grants:			
- Core education funding (note 18)	\$ 111,147,394	\$ 109,637,921	\$ 102,908,136
- Other	2,348,320	3,693,315	11,391,281
Federal grants and fees	2,199,967	1,984,823	1,685,465
Other revenue - school boards	454,240	454,240	447,791
Other fees and revenue	1,332,720	1,309,951	1,359,065
Investment income	370,000	244,840	412,777
School generated funds	3,154,282	3,727,800	3,160,278
Amortization of deferred capital contributions (note 7):			
- Provincial legislative grants	6,138,687	6,797,630	6,154,222
- Third parties	71,153	71,173	49,078
Total revenue	127,216,763	127,921,693	127,568,093
Expenses: (note 11)			
Instruction	94,736,464	93,266,714	90,260,335
Administration	6,085,395	5,643,954	5,929,342
Transportation	8,081,055	7,722,780	7,595,253
Pupil accommodation	16,031,797	17,845,587	15,807,014
School funded activities	3,099,581	3,290,608	3,099,581
Other	121,000	112,935	4,814,235
Total expenses	128,155,292	127,882,578	127,505,760
Annual (deficit) surplus	(938,529)	39,115	62,333
Accumulated surplus, beginning of year	14,621,996	14,621,996	14,559,663
Accumulated surplus, end of year	\$ 13,683,467	\$ 14,661,111	\$ 14,621,996

See accompanying notes to the consolidated financial statements.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Changes in Net Debt

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

	2025 Budget	2025 Actual	2024 Actual
Annual (deficit) surplus	\$ (938,529) \$	39,115 \$	62,333
Tangible capital assets:			
Acquisition of tangible capital assets	(11,412,580)	(8,696,901)	(6,643,616)
Amortization of tangible capital assets	6,314,974	7,021,479	6,303,050
Proceeds on sale of tangible capital assets	-	-	819,163
Gain on sale of tangible capital assets	-	-	(812,163)
Revaluation of tangible capital assets - ARO	-	(65,194)	(82,072)
	(5,097,606)	(1,740,616)	(415,638)
Prepaid expenses:			
Use of prepaid expenses	809,570	809,570	336,233
Decrease in net debt	(5,226,565)	(891,931)	(17,072)
Net debt, beginning of year	(86,498,807)	(86,498,807)	(86,481,735)
Net debt, end of year	\$ (91,725,372) \$	(87,390,738) \$	(86,498,807)

See accompanying notes to consolidated financial statements.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

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

	2025	2024
Operating transactions:		
Annual surplus	\$ 39,115	\$ 62,333
Items not involving cash:		
Amortization of tangible capital assets	7,021,479	6,303,050
Amortization of deferred capital contributions	(6,868,803)	(6,203,300)
Revaluation of tangible capital assets - ARO	(65,194)	(82,072)
Gain on sale of tangible capital assets	-	(812,163)
	126,597	(732,152)
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	4,263,512	(514,992)
Increase (decrease) in accounts payable and accrued liabilities	(5,700,277)	4,796,186
Increase (decrease) in deferred revenue	(708,026)	115,280
Increase in employee future benefits	42,127	21,258
Decrease in prepaid expenses	809,570	336,233
Increase in asset retirement obligation	7,241	87,573
Cash provided by operating transactions	(1,159,256)	4,109,386
Capital transactions:		
Cash used to acquire tangible capital assets	(8,696,901)	(6,643,616)
Proceeds on disposal of tangible capital assets	-	819,163
Cash applied to capital transactions	(8,696,901)	(5,824,453)
Financing transactions:		
Long-term debt repaid	(1,652,574)	(1,579,756)
Decrease (increase) in accounts receivable - Approved Capital Funding	(159,905)	1,527,622
Additions to deferred capital contributions	8,226,007	5,871,838
Cash provided by financing transactions	6,413,528	5,819,704
Increase (decrease) in cash	(3,442,629)	4,104,637
Cash and cash equivalents, beginning of year	7,204,459	3,099,822
Cash and cash equivalents, end of year	\$ 3,761,830	\$ 7,204,459

See accompanying notes to consolidated financial statements.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements

Year ended August 31, 2025

The Sudbury Catholic District School Board is an English Catholic school board formed in January of 1999 from the English Language sections of four separate school boards. The School Board, which covers Greater Sudbury and the southern Sudbury District in Ontario, has one adult learning, four secondary and thirteen elementary schools under its jurisdiction.

1. Significant accounting policies:

The consolidated financial statements of the Sudbury 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 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 consolidated 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;

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- 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.

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions may 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) Sudbury Student Services Consortium/Consorteum de Services Aux Elèves de Sudbury ("SSSC") is accounted for using the consolidation method of accounting and reporting, whereby the Board's pro-rated share of net assets, revenues and expenses are combined in the 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. The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash and cash equivalents	Cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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. Transaction costs related to the acquisition of investments are added to the amortized cost. 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.

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.

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. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable) and are therefore not recognized in these financial statements. For letters of guarantee and letters of credit relating to construction, disclosure is done at the face value of the guarantee or letter of credit.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

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.

(e) Cash and cash equivalents:

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

(f) 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, performance obligations and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(g) 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:

- 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

(h) 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 and health care benefits, retirement gratuity, workers' 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, Employee Life and Health Trusts ("ELHT") were established in 2016-17 for the Ontario English Catholic Teachers Association ("OECTA") employee group. ELHTs for the following employee groups were established in 2017-18: Canadian Union of Public Employees ("CUPE") and non-unionized employees including principals and vice-principals. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals after a school board's participation date into 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 Core Education Funding, including additional ministry funding in the form of a Crown Contribution and Stabilization Adjustment.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(h) Retirement and other employee future benefits:

The Board has adopted the following accounting policies with respect to accounting for these employee benefits:

- (i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services life of the employee group.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, long-term disability and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(i) 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 ("TCA") 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, as well as interest related to financing during construction and legally or contractually required retirement activities. 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 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.

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	40 years
Portable structures	20 years
First time equipping	10 years
Furniture and equipment	5 - 15 years
Vehicles	5 - 10 years
Computer hardware and software	3 years

Amortization is taken at 50% of the above rates in the year of acquisition.

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.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(i) Tangible capital assets (continued):

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.

(j) Asset retirement obligations:

Asset Retirement Obligations ("ARO") are provisions for legal obligations for the retirement of tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- there is a statutory, contractual or legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up;
- a reasonable estimate of the amount can be made

A corresponding amount is added to the carrying value of the related tangible capital asset and is then amortized over its remaining useful life.

The estimated amounts of future costs to retire the asset is reviewed annually and adjusted to reflect the current best estimate of the liability. Adjustments may result from changes in the assumption used to estimate the amount required to settle the obligation. These amounts are recognized as an increase or decrease in the carrying amount of the asset retirement obligation liability, with a corresponding adjustment to the carrying amount of the related asset. If the related asset is no longer in productive use, all subsequent changes in the estimate of the liability for the ARO are recognized as an expense in the period incurred.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(k) 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 Ontario Regulation 395/11, and recorded as deferred capital contributions (DCC) and recognized in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

(l) Other revenues:

Other revenues from transactions with performance obligations, for example, fees or royalties from the sale of goods or rendering of services, are recognized as the board satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, for example, fines and penalties, are recognized when the board has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

(m) 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.

(n) 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 presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

The Board approves its budget annually. The approved operating budget for 2024-2025 is reflected on the Consolidated Statement of Operations and Accumulated Surplus, the budget was approved on June 26, 2024, and the revised budget was approved on December 17, 2024.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(o) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) 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.

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

(p) Education property tax revenue:

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

2. Accounts receivable:

	2025	2024
Government of Canada	\$ 848,034	\$ 1,393,026
Government of Ontario	6,164,591	11,293,994
Municipalities	1,166,869	1,307,254
Other	1,846,046	294,778
	<u>\$ 10,025,540</u>	<u>\$ 14,289,052</u>

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, 2025 is \$4,741,666 (2024 - \$5,677,605).

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

3. 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 \$23,670,593 as at August 31, 2025 (2024 - \$23,510,688) with respect to capital grants.

4. Accounts payable and accrued liabilities:

	2025	2024
Trade payables and accrued liabilities	\$ 3,191,612	\$ 4,336,988
Payroll related	2,014,665	6,569,566
	<u>\$ 5,206,277</u>	<u>\$ 10,906,554</u>

5. Temporary borrowing:

The Board has an operating line of credit available to a maximum of \$4,000,000 to address operating requirements. This line of credit bears interest at the bank's prime lending rate less 0.85%, is unsecured and is due on demand.

The Board has an authorized revolving term credit available to a maximum of \$8,500,000 to bridge ongoing capital expenditures. This credit facility bears interest at the bank's prime lending rate less 0.85% and is unsecured.

As at August 31, 2025, the amount drawn from the operating line of credit was \$Nil (2024 - \$Nil). The amount drawn from the revolving term credit was \$Nil (2024 - \$Nil).

The Board has various letters of credit outstanding totaling \$24,000 (2024 - \$24,000).

6. 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.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

6. Deferred revenue (continued):

Deferred revenue is comprised of:

	Balance at August 31, 2024	Externally restricted revenue and investment income	Revenue recognized in the period	Transfers (to) deferred capital contributions	Balance at August 31, 2025
Amounts restricted by legislation, regulation or agreement:					
Internal audit	\$ 577,396	\$ 450,509	\$ (523,595)	\$ -	\$ 504,310
Proceeds of disposition	1,138,085	-	-	-	1,138,085
Special education	1,667,363	16,101,909	(16,383,807)	-	1,385,465
School renewal	470,365	5,032,504	(3,418,816)	(1,739,095)	344,958
Other	1,617,533	7,799,330	(8,026,965)	-	1,389,898
Total	\$ 5,470,742	\$ 29,384,252	\$ (28,353,183)	\$ (1,739,095)	\$4,762,716

7. Deferred capital contributions:

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

	2025	2024
Balance, beginning of year	\$ 90,864,214	\$ 91,195,676
Additions relating to school renewal	1,497,908	1,705,996
Other additions to deferred capital contributions	6,728,099	4,165,842
Revenue recognized during the year	(6,868,803)	(6,203,300)
Balance, end of year	\$ 92,221,418	\$ 90,864,214

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

8. Asset retirement obligations:

As at August 31, 2025, 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:

	2025	2024
Liabilities for Asset Retirement Obligations at beginning of year	\$ 2,321,583	\$ 2,234,010
Liabilities incurred during the year	-	30,951
Increase in liabilities reflecting changes in the estimate of liabilities ¹	65,194	82,075
Liabilities settled during the year	(57,953)	(25,453)
	\$ 2,328,824	\$ 2,321,583

¹Reflecting changes in the estimated cash flows.

The Board made an inflation adjustment increase in estimates of 2.61% (2024 - 3.66%) as at March 31, 2025, 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 during the 2024 calendar year, as well as an adjustment to true up the estimated rate that was used at March 31, 2024. This rate is being used to update costs assumptions made in the ARO costing models in order to be reflective of March 31, 2025 costs. Since the March 31 rate each year is determined based on the BCPI for the prior year ending December 31, the rate is updated the following March 31 to true up the prior year estimated rate (based on the 2023 calendar year) to the actual rate for the 12-month period ending March 31, 2024.

The revaluation adjustment has been added to the Tangible Capital Asset – Asset Retirement Obligation balance to be amortized over the remaining useful life of the underlying asset, except in the case where the related ARO asset has no remaining useful life, in which case, it is expensed directly.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

9. Employee future benefits:

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

(a) 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, 2025, the Board contributed \$2,099,803 (2024 - \$1,708,127) 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.

(iv) Retirement life insurance, dental and health care benefits:

The Board provides 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. Effective September 1, 2013, employees retiring on or after this date do not qualify for board subsidized premiums or contributions.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

9. Employee future benefits (continued):

(b) 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) Long-term disability benefits:

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date to employees who are not yet members of an ELHT. 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.

(iii) 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 benefit costs expensed in the consolidated financial statements are \$57,521 (2024 - \$72,876).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2025. This actuarial valuation is based on assumptions about future events determined as at August 31, 2025 and is based on the average daily salary and banked sick days of employees as at August 31, 2025.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

9. Employee future benefits (continued):

The accrued benefit obligations for employee future benefit plans as at August 31, 2025 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2025. 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:

	2025	2024
	%	%
Inflation	2.0	2.0
Inflation - WSIB	2.0	2.0
Discount on accrued benefit obligations	3.8	3.8
Discount on accrued benefit obligations - WSIB	3.8	3.8

Assumed health care cost trend rates:

	2025	2024
Health care cost escalation	Increase by a flat rate of 5.0%	Increase by a flat rate of 5.0%
Dental care cost escalation	Increase by a flat rate of 5.0%	Increase by a flat rate of 5.0%
Insurance and health care cost escalation - WSIB	4.0%	4.0%

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

Accrued benefit obligation			2025	2024
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee future benefit obligations	\$ 35,251	\$ 1,072,861	\$ 1,108,112	\$ 1,063,356
Unamortized actuarial losses	-	22,896	22,896	25,525
	\$ 35,251	\$ 1,095,757	\$ 1,131,008	\$ 1,088,881

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

9. Employee future benefits (continued):

Employee future benefit expenses			2025	2024
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ -	\$ 332,131	\$ 332,131	\$ 453,005
Interest on accrued benefit obligation	1,989	30,531	32,520	33,638
Benefit payments	(19,885)	(236,332)	(256,217)	(470,409)
Amortization of actuarial gains	(9,126)	(57,181)	(66,307)	(2,371)
Employee future benefits expenses ¹	\$ (27,022)	\$ 69,149	\$ 42,127	\$ 13,863

¹Excluding pension contributions to multi-employer pension plans, described in note 9(a)(ii).

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

10. Net long-term liabilities:

Net long-term liabilities are comprised of:

	2025	2024
Ontario Financing Authority Debenture – amortizing, payable in semi-annual instalments of \$522,917 including interest at 3.80%, due March 2038	\$ 10,549,114	\$ 11,175,262
Ontario Financing Authority Debenture – amortizing, payable in semi-annual instalments of \$94,179 including interest at 3.56%, due March 2037	1,803,067	1,923,923
Ontario Financing Authority Debenture – amortizing, payable in semi-annual instalments of \$140,158 including interest at 4.56%, due November 2031	1,561,599	1,763,765
Ontario Financing Authority Debenture – amortizing, payable in semi-annual instalments of \$108,207 including interest at 4.90%, due March 2033	1,388,383	1,531,487
Ontario Financing Authority Debenture – amortizing, payable in semi-annual instalments of \$68,642 including interest at 5.06%, due March 2034	967,269	1,052,346
Ontario Financing Authority Debenture – amortizing, payable in semi-annual instalments of \$53,825 including interest at 5.23%, due April 2035	824,138	886,224
Ontario Financing Authority Debenture – amortizing, payable in semi-annual instalments of \$38,137 including interest at 4.83%, due March 2036	636,863	680,760
Board Debentures – issued November 2003, amortizing, payable in semi-annual instalments of \$234,740 including interest at 5.8%, due November 2028	1,468,025	1,836,265
	19,198,458	20,850,032

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.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

10. Net long-term liabilities (continued):

Payments relating to the net long-term liabilities outstanding as at August 31, 2025 are due as follows:

	Principal	Interest	Total
2026	\$ 1,728,860	\$ 787,970	\$ 2,516,830
2027	1,808,784	708,411	2,517,195
2028	1,892,527	625,049	2,517,576
2029	1,745,535	537,697	2,283,232
2030	1,582,127	466,779	2,048,906
Thereafter	10,440,625	1,551,626	11,992,251
	\$ 19,198,458	\$ 4,677,532	\$ 23,875,990

Interest on long-term debt amounted to \$843,502 (2024 - \$923,999).

11. Expenses by object:

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

	2025 Budget	2025 Actual	2024 Actual
Current expenses:			
Salary and wages	\$ 81,956,269	\$ 82,113,095	\$ 83,012,036
Employee benefits	14,458,751	14,348,173	14,455,109
Staff development	637,071	491,676	338,068
Supplies and services	6,516,095	6,297,379	6,038,415
Interest	870,896	843,502	923,999
Rentals	103,000	9,088	39,069
Fees and contract services	14,001,699	13,360,006	12,672,320
Other	196,956	107,572	624,113
Amortization , write downs and net loss on disposal of tangible capital assets	6,314,974	6,959,302	6,243,490
Amortization of asset retirement obligation	-	62,177	59,560
School funded activities	3,099,581	3,290,608	3,099,581
	\$ 128,155,292	\$ 127,882,578	\$ 127,505,760

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

12. Tangible capital assets:

Cost	Balance at August 31, 2024	Additions	Disposals	Revaluation of ARO	Balance at August 31, 2025
Land	\$ 5,528,522	\$ -	\$ -	\$ -	\$ 5,528,522
Land improvements	3,281,270	-	-	-	3,281,270
Buildings	163,610,768	7,984,818	-	65,194	171,660,780
First-time equipping	1,117,147	-	-	-	1,117,147
Furniture and equipment	1,347,293	22,837	-	-	1,370,130
Vehicles	88,668	-	-	-	88,668
Computer hardware	4,079,339	218,349	-	-	4,297,688
Computer software	469,878	-	-	-	469,878
Portable structures	1,541,326	470,897	-	-	2,012,223
Total	\$ 181,064,211	\$ 8,696,901	\$ -	\$ 65,194	\$ 189,826,306

Accumulated amortization	Balance at August 31, 2024	Amortization expense	Disposals	Balance at August 31, 2025
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,838,864	206,896	-	2,045,760
Buildings	73,908,145	6,004,096	-	79,912,241
First-time equipping	1,050,308	46,403	-	1,096,711
Furniture and equipment	735,780	188,284	-	924,064
Vehicles	88,668	-	-	88,668
Computer hardware	3,323,075	492,683	-	3,815,758
Computer software	469,876	2	-	469,878
Portable structures	33,652	83,115	-	116,767
Total	\$ 81,448,368	\$ 7,021,479	\$ -	\$ 88,469,847

	Net book value, August 31, 2024	Net book value, August 31, 2025
Land	\$ 5,528,522	\$ 5,528,522
Land improvements	1,442,406	1,235,510
Buildings	89,702,623	91,748,539
First-time equipping	66,839	20,436
Furniture and equipment	611,513	446,066
Computer hardware	756,264	481,930
Computer software	2	-
Portable structures	1,507,674	1,895,456
Total	\$ 99,615,843	\$ 101,356,459

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

13. Accumulated surplus:

Accumulated surplus consists of the following:

	2025	2024
Available for compliance – unappropriated:		
Total operating accumulated surplus	\$ 6,876,490	\$ 7,658,125
Available for compliance – internally appropriated:		
Reserve funds	1,896,298	1,508,516
Unavailable for compliance – externally appropriated:		
Employee future benefits	(652,782)	(652,782)
Accrued interest	(349,628)	(349,628)
School generated funds	2,620,789	2,183,597
Revenues recognized for land	5,528,522	5,528,522
Asset retirement obligation	(1,258,578)	(1,254,354)
	5,888,323	5,455,355
Total accumulated surplus	\$ 14,661,111	\$ 14,621,996

14. Ontario School Board Insurance Exchange:

The school board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27 million per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2024 were \$156,316 (2023 - \$139,672).

Any school board wishing to join OSBIE must execute a reciprocal insurance exchange agreement whereby every member commits to a five-year subscription period, the current one of which will end on December 31, 2026.

OSBIE exercises stewardship over the assets of the reciprocal, including the guarantee fund. While no individual school board enjoys any entitlement to access the assets of the reciprocal, the agreement provides for two circumstances when a school board, that is a member of a particular underwriting group, may receive a portion of the accumulated funds of the reciprocal.

- a) In the event that the board of directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

14. Ontario School Board Insurance Exchange:

- b) Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

In the event that a Board or other Board organization ceases to participate in the exchange of contracts of insurance within an Underwriting Group or within the Exchange, it shall continue to be liable for any Assessment(s) arising during or after such ceased participation in respect of claims arising prior to the effective date of its termination of membership in the Underwriting Group or in the exchange, unless satisfactory arrangements are made with in the board of directors to buy out such liability.

15. Contractual obligations:

The Board has entered into contracts for various projects. As at August 31, 2025, there was approximately \$1,590,616 (2024 - \$1,727,357) of work remaining to be completed.

16. Contingent liabilities:

The Board is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

17. Debt charges:

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

	2025	2024
Principal payments on long-term debt	\$ 1,652,574	\$ 1,579,756
Interest payment on long-term debt	843,502	923,999
	<u>\$ 2,496,076</u>	<u>\$ 2,503,755</u>

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

18. Core education funding:

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. 85.7% percent of the consolidated revenues of the Board are directly controlled by the provincial government through the core education funding. The payment amounts of this funding are as follows:

	2025	2024
Provincial legislative grants	\$ 99,091,593	\$ 92,349,055
Education property tax	10,546,328	10,559,081
Core education funding	\$ 109,637,921	\$ 102,908,136

19. Transportation consortium:

On July 18, 2009, the Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury ("SSSC") was incorporated under the *Corporations Act* of Ontario. On January 1, 2001, the Board entered into an agreement with four local boards 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 created at the time SSSC was established, decisions related to the financial and operating activities of SSSC are shared. No partner is in a position to exercise unilateral control.

Each board participates in the shared costs associated with this service for the transportation of their respective students through SSSC. This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the Board's consolidated financial statements. The Board's pro-rata share for 2025 is 22% (2024 - 23%). Inter-organizational transactions and balances have been eliminated.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

19. Transportation consortium (continued):

The following provides condensed financial information:

	2025	2024
Statement of Financial Position		
Financial Assets	\$ 1,090,651	\$ 4,310,257
Liabilities	(1,183,714)	(4,438,547)
Non-Financial Assets	300,183	332,634
Accumulated surplus	\$ 207,120	\$ 204,344
Operations		
Revenues	\$ 34,317,493	\$ 26,577,073
Expenses	(34,343,811)	(26,615,199)
Annual deficit	\$ (26,318)	\$ (38,126)
	2025	2024

Board Portion:

Statement of Financial Position		
Financial Assets	\$ 239,943	\$ 991,359
Liabilities	(260,417)	(1,020,866)
Non-Financial Assets	66,040	76,506
Accumulated surplus	\$ 45,566	\$ 46,999
	2025	2024

Board Portion:

Operations		
Revenues	\$ 7,549,848	\$ 6,112,727
Expenses	(7,555,638)	(6,121,496)
Annual deficit	\$ (5,790)	\$ (8,769)

20. Trust funds:

Trust funds administered by the Board amounting to \$41,755 (2024 - \$47,867) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

21. Board performs duties of a municipal council:

The Board performs the duties of levying and collecting taxes and conducting elections of members in territory without municipal organization. The outlay by the Board in 2025 in respect of performing duties of municipal council is reported by area in a separate statement.

Certain costs are recoverable through a levy on all rateable property in the area and other approved costs are recoverable through an offset to the local taxation revenue.

22. Repayment of “55 School Board Trust” Funding:

On June 1, 2003, the Board received \$6,156,190 from the “55 School Board Trust” for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the Trust. The “55 School Board Trust” was created to refinance the outstanding not permanently financed (“NPF”) debt of participating boards who are beneficiaries of the Trust. Under the terms of the agreement, the “55 School Board Trust” repaid the Board’s debt in consideration for the assignment by the Board to the Trust of future provincial grants payable to the Board in respect of the NPF debt

23. Comparative information:

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

24. Related party disclosures:

Related parties of the Board include other school boards and the Ontario Financing Authority. The Ontario Financing Authority is an agency of the Province of Ontario that manages the province's debt and borrowing program. Please refer to Note 10 for additional disclosure on the Board's borrowing with the Ontario Financing Authority.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

25. 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, 2026 (in effect for the Board for as of September 1, 2026 for the year ending August 31, 2027). Standards must be implemented at the same time:

New Public Sector Accounting Standards (PSAS) Conceptual Framework:

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- preparers to account for items, transactions and other events not covered by standards;
- auditors to form opinions regarding compliance with accounting standards;
- users in interpreting information in financial statements; and
- Public Sector Accounting Board (PSAB) to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity
- Non-substantive changes to terminology/definitions
- Financial statement objectives foreshadow changes in the Reporting Model
- Relocation of recognition exclusions to the Reporting Model
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

25. Future accounting standard adoption (continued):

Reporting Model PS 1202 *Financial Statement Presentation*:

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS 1201 *Financial Statement Presentation*. The model is expected to be implemented retroactively with restatement of prior year amounts.

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets- accumulated other and issued share capital
- Increased clarity regarding presentation of budget comparatives on the Statement of Operations
- Relocated net debt to its own statement
- Renamed the net debt indicator

Reporting Model PS 1202 *Financial Statement Presentation* (continued):

- Revised the net debt calculation
- Removed the Statement of Change in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets/Liabilities
- Financial transactions presented separately from operating, capital and investing transactions on the Statement of Cash Flows

SUDBURY CATHOLIC DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

26. 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:

Liquidity risk is the risk that the board will not be able to meet all cash flow obligations as they come due. The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise. Accounts payable and accrued liabilities are all current and the terms of long-term debt are disclosed in note 10. 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.

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

As at August 31, 2025	Within 6 months	6 - 12 months	1 - 4 years	4+ years	Total
Accounts payable	\$ 5,206,277	\$ -	\$ -	\$ -	\$ 5,206,277
Long-term debt	864,430	864,430	7,028,974	10,440,624	19,198,458
	\$ 6,070,707	\$ 864,430	\$ 7,028,974	\$ 10,440,624	\$ 24,404,735
As at August 31, 2024	Within 6 months	6 - 12 months	1 - 4 years	4+ years	Total
Accounts payable	\$ 10,906,554	\$ -	\$ -	\$ -	\$ 10,906,554
Long-term debt	826,287	826,287	7,175,706	12,022,752	20,851,032
	\$ 11,732,841	\$ 826,287	\$ 7,175,706	\$ 12,022,752	\$ 31,757,586