Grant Thornton

Consolidated Financial Statements

Superior North Catholic District School Board

August 31, 2021

MANAGEMENT REPORT

Year ended August 31, 2021

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Superior North Catholic District School Board are the responsibility of 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 Financial Administration Act. A summary of the significant accounting policies are 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 their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Grant Thornton 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

Manager of Finance

December 8, 2021

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Independent Auditor's Report

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To the Board of Trustees of
Superior North Catholic District School Board

Opinion

We have audited the consolidated financial statements of Superior North Catholic District School Board (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2021, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows 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 present fairly, in all material respects, the financial position of Superior North Catholic District School Board as at August 31, 2021, and the results of its operations, its change in its net debt, and its cash flows for the year then ended in accordance with the accounting principles as directed by the Financial Administration Act.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describe 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.

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 Board 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.

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

Management is responsible for the preparation of these consolidated financial statements in accordance with the accounting principles as directed by the Financial Administration Act, 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 Board's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 judgment 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 Board'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 Board'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 Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Grant Thornton LLP

Thunder Bay, Canada
December 8, 2021

Chartered Professional Accountants
Licensed Public Accountants

Superior North Catholic District School Board

Statement 1

Consolidated Statement of Financial Position

As at August 31

	2021	2020
	$	$
FINANCIAL ASSETS		
Cash and cash equivalents	**2,006,820**	1,014,194
Accounts receivable	**4,813,875**	5,927,212
Accounts receivable - Government of Ontario *[note 3]*	**7,055,904**	7,794,444
Other financial assets	**—**	119,600
TOTAL FINANCIAL ASSETS	**13,876,599**	14,855,450
LIABILITIES		
Accounts payable and accrued liabilities	**2,412,085**	3,012,057
Accounts payable - other	**204,899**	225,205
Short-term borrowing *[note 2]*	**1,650,422**	1,072,816
Long-term debt *[note 4]*	**4,839,943**	5,263,261
Deferred revenue *[note 6]*	**1,780,456**	2,378,760
Deferred capital contributions *[note 7]*	**29,855,310**	27,963,967
Employee future benefits liability *[note 8]*	**138,519**	251,124
TOTAL LIABILITIES	**40,881,634**	40,167,190
NET DEBT	**(27,005,035)**	(25,311,740)
NON-FINANCIAL ASSETS		
Tangible capital assets - net *[note 11]*	**32,658,802**	30,821,897
Prepaid expenses	**153,200**	225,533
Inventory of supplies	**7,730**	—
TOTAL NON-FINANCIAL ASSETS	**32,819,732**	31,047,430
ACCUMULATED SURPLUS *[note 9]*	**5,814,697**	5,735,690

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Director of Education

Chair of the Board

Superior North Catholic District School Board

Statement 2

Consolidated Statement of Operations and Accumulated Surplus

Year ended August 31

	2021	2021	2020
	Budget	**Actual**	Actual
	$	$	$
REVENUES			
Provincial legislative grants	**16,414,549**	**16,648,159**	16,714,737
Provincial grants – other	**440,663**	**2,035,759**	844,062
Federal grants and fees	**1,964,400**	**1,698,678**	1,993,606
Other fees and revenues	**35,500**	**145,252**	202,475
Investment income	**25,000**	**13,304**	12,568
School fundraising and other	**150,000**	**98,495**	216,416
Amortization of deferred capital contributions	**1,739,513**	**2,344,926**	1,812,203
TOTAL REVENUES	**20,769,625**	**22,984,573**	21,796,067
EXPENSES			
Instruction	**13,732,017**	**14,788,472**	13,655,427
Administration	**1,818,985**	**1,968,215**	1,980,711
Transportation	**673,355**	**535,083**	514,062
Pupil accommodation	**4,324,473**	**5,350,615**	5,384,957
Other	**16,650**	**118,608**	1,773
School funded activities	**150,000**	**113,183**	205,771
TOTAL EXPENSES *[note 12]*	**20,715,480**	**22,874,176**	21,742,701
Loss on tangible capital assets held for sale	—	**(31,390)**	(91,655)
Annual surplus (deficit)	**54,145**	**79,007**	(38,289)
Accumulated surplus, beginning of year	**5,735,690**	**5,735,690**	5,773,979
Accumulated surplus, end of year *[note 9]*	**5,789,835**	**5,814,697**	5,735,690

See accompanying notes to the consolidated financial statements.

Superior North Catholic District School Board

Statement 3

Consolidated Statement of Change in Net Debt

Year ended August 31	2021	2021	2020
	Budget $	**Actual** $	Actual $
Annual surplus (deficit)	**54,145**	**79,007**	(38,289)
Acquisition of tangible capital assets	**(4,195,173)**	**(4,215,955)**	(5,805,757)
Amortization of tangible capital assets	**1,800,000**	**2,379,050**	1,846,275
Tangible capital assets transferred to held for sale	—	—	211,257
Acquisition of inventory of supplies	—	**(7,730)**	—
Acquisition of prepaid expenses	—	**(153,200)**	(225,533)
Use of prepaid expenses	—	**225,533**	146,981
Increase in net debt	**(2,341,028)**	**(1,693,295)**	(3,865,066)
Net debt, beginning of year	**(25,311,740)**	**(25,311,740)**	(21,446,674)
Net debt, end of year	**(27,652,768)**	**(27,005,035)**	(25,311,740)

See accompanying notes to the consolidated financial statements.

Superior North Catholic District School Board
Statement 4
Consolidated Statement of Cash Flows

Year ended August 31	2021	2020
	$	$
OPERATIONS		
Annual surplus (deficit)	**79,007**	(38,289)
Non-cash charges		
Amortization of tangible capital assets	**2,379,050**	1,846,275
Amortization of deferred capital contributions	**(2,344,926)**	(1,812,203)
Decrease in employee future benefits liability	**(112,605)**	(7,991)
Net change in non-cash working capital balances		
Decrease in accounts receivable	**473,118**	137,895
Decrease in accounts payable and accrued liabilities	**(599,972)**	(1,089,582)
Increase (decrease) in accounts payable - other	**(20,306)**	23,405
Increase (decrease) in deferred revenue	**(598,304)**	33,250
Increase in inventory of supplies	**(7,730)**	—
Decrease (increase) in prepaid expenses	**72,333**	(78,552)
Decrease (increase) in other financial assets	**119,600**	(119,600)
Net decrease in cash from operating transactions	**(560,735)**	(1,105,392)
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	**(4,215,955)**	(5,805,757)
Transferred to held for sale	—	211,257
Net decrease in cash from capital transactions	**(4,215,955)**	(5,594,500)
FINANCING		
Grant received – deferred capital contributions	**4,236,269**	4,749,249
Decrease (increase) in accounts receivable - Government of Ontario	**1,378,759**	(636,400)
Increase in short-term borrowing	**577,606**	1,072,816
Debt repayments	**(423,318)**	(399,458)
Net increase in cash from financing transactions	**5,769,316**	4,786,207
Net change in cash and cash equivalents	**992,626**	(1,913,685)
Opening cash and cash equivalents	**1,014,194**	2,927,879
Closing cash and cash equivalents	**2,006,820**	1,014,194

See accompanying notes to the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Superior North Catholic District School Board (the "Board") are prepared by management in accordance with the basis of accounting described below.

[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 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;

- 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 would be recorded differently under Canadian public sector accounting standards.

[b] Reporting entity

These 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.

School Generated Funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

School Services for Northern Superior was incorporated under the laws of Ontario in January, 1993 to provide services to children directly or indirectly in co-operation with school boards or other organizations. The corporation has never been active and has no assets or liabilities. It had no revenues or expenses for the year ended December 31, 2020 or for the period ending August 31, 2021. The directors and officers of the corporation are all officers of the Board.

The Board has a charitable organization controlled by the same directors and officers of the Board. The charitable organization is under the same name as the Board, namely the Superior North Catholic District School Board. The charitable organization has the same year-end as the Board and reports the same assets, liabilities, revenues and expenses and accumulated surpluses as the Board. The charitable organization is set up to further all objectives of the Board, including providing education to elementary students in a Catholic school setting.

[c] Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and demand deposits.

[d] Deferred revenue

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 expenditures are incurred, or services are performed.

[e] 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 in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contributions 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:

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

[f] 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, dental 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, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Ontario English Catholic Teachers' Association (OECTA). The following ELHTs were established in 2017-2019: March 1 – EWAO administered by OTIP, April 1 – Principal/Vice Principal administered by Cowan ONE-T and June 1 – Non-union group administered by Cowan ONE-T. Employees represented by Unifor were transferred to the OECTA ELHT as of November 1, 2019. 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 AEFO and ONE-T ELHTs also provide 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.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for all groups and continues to have a liability for payment of benefits for those who are on long-term disability and for some retirees who are retired under these plans.

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 cost 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.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, sick days and 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, 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.

[g] Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, 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.

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

Land improvements with finite lives	15	years
Buildings and building improvements	40	years
Other buildings	20	years
Furniture and equipment	5 or 10	years
Computer hardware and software	5	years
First-time equipping of schools	10	years
Vehicles	5 to 10	years

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

Land permanently removed from service and held for resale is recorded at the lower of cost and 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 the carrying value is written-down to its residual value. 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 historic assets are not recorded as assets in these consolidated financial statements.

[h] Internally appropriated surplus

Certain amounts, as approved by the Board’s Trustees, are set aside for future operating or capital purposes. Transfers to and/or from internally appropriated surplus are an adjustment to the respective internally appropriated surplus when approved.

[i] Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the Consolidated Statement of Operations and Accumulated Surplus at the same rate and over the same periods as the asset is amortized.

[j] Investment income

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

[k] Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model.

[l] Property tax revenue

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

[m] 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 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 revenues and expenditures during the year. Accounts subject to significant estimates include accounts receivable, accounts payable and accrued liabilities, employee future benefits liability and tangible capital assets. Actual results could differ from these estimates.

2. SHORT-TERM BORROWING

The Board has available a line of credit of $1,500,000 [2020 - $1,500,000] of which $nil [2020 - $nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime [2.45% at year-end]. The Board has available a demand bridge loan of $5,064,872 [2020 - $3,000,000] of which $1,650,422 [2020 - $1,072,816] was borrowed at year-end. Interest on the demand loan is calculated at bank prime [2.45% at year-end].

3. ACCOUNTS RECEIVABLE – GOVERNMENT OF ONTARIO

The Province of Ontario (“Province”) 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 accounts receivable.

The Board has a receivable from the Province of Ontario of $7,055,904 as at August 31, 2021 [2020 - $7,794,444] with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2019. 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, 2021 is $1,899,614 [2020 - $1,528,029].

4. LONG-TERM DEBT

Long-term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2021 $	2020 $
Empire Life Insurance Company		
Debenture repayable in semi-annual instalments of $126,078 including interest at 5.961% per annum, maturing January, 2029.	**1,507,235**	1,662,566
Manufacturers Life Insurance Company		
Debenture repayable in semi-annual instalments of $126,054 including interest at 6.482% per annum, maturing March, 2028.	**1,400,801**	1,554,592
Debenture repayable in semi-annual instalments of $27,353 including interest at 5.437% per annum, maturing September, 2032.	**463,230**	491,588
Ontario Financing Authority		
Debenture repayable in semi-annual instalments of $26,648 including interest at 4.56% per annum, maturing November, 2031.	**440,785**	472,880
Debenture repayable in semi-annual instalments of $21,217 including interest at 4.9% per annum, maturing May, 2033.	**376,757**	399,877
Debenture repayable in semi-annual instalments of $22,187 including interest at 5.232% per annum, maturing May, 2035.	**434,610**	455,425
Debenture repayable in semi-annual instalments of $10,315 including interest at 4.833% per annum, maturing May, 2036.	**216,525**	226,333
	4,839,943	5,263,261

Principal and interest payments relating to long-term debt of $4,839,943, outstanding as at August 31, 2021, are due as follows:

	Principal $	Interest $	Total $
2022	**448,619**	**271,084**	**719,703**
2023	**475,448**	**244,255**	**719,703**
2024	**503,900**	**215,803**	**719,703**
2025	**534,073**	**185,630**	**719,703**
2026	**566,072**	**153,630**	**719,703**
Thereafter	**2,311,831**	**358,117**	**2,669,947**
	4,839,943	**1,428,519**	**6,268,462**

5. CHARGES FOR LONG-TERM DEBT

Total payments for the year for long-term debt are as follows:

	2021 $	2020 $
Principal payments on long-term debt	**423,318**	399,458
Interest payments on long-term debt	**296,385**	320,245
	719,703	719,703

6. DEFERRED REVENUE

Revenues received that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2021 is comprised of:

	Balance as at August 31, 2020 $	**Externally restricted revenue and investment income $**	**Revenue recognized in period $**	**Transfers to deferred capital contributions $**	**Balance as at August 31, 2021 $**
Energy efficient schools	168,591	—	—	**168,591**	—
Legislative capital grants	1,068,113	**1,680,355**	**761,954**	**1,481,132**	**505,382**
Other Ministry capital grants	—	**224,737**	—	**224,737**	—
Special education	832,148	**2,632,047**	**2,442,725**	—	**1,021,470**
Learning opportunities	16,448	**240,419**	**249,903**	—	**6,964**
Other Ministry of Education grants	154,653	**1,853,373**	**1,870,797**	—	**137,229**
Other	138,807	**139,652**	**140,063**	**28,985**	**109,411**
	2,378,760	**6,770,583**	**5,465,442**	**1,903,445**	**1,780,456**

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 regulation 395/11 that have been expended by year-end. The contributions are amortized into revenue over the life of the asset acquired.

	2021 $	2020 $
Balance, beginning of year	**27,963,967**	25,026,921
Additions to deferred capital contributions	**4,236,269**	4,749,249
Revenue recognized in period	**(2,344,926)**	(1,812,203)
Balance, end of year	**29,855,310**	27,963,967

8. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

Retirement and Other Employee Future Benefits Liability

	2021			2020
	Retirement Gratuity Benefits $	**Other Employee Future Benefits** $	**Total Employee Future Benefits** $	Total Employee Future Benefits $
Accrued employee future benefit obligations	**83,944**	**37,214**	**121,158**	240,702
Unamortized actuarial gain	**17,361**	**—**	**17,361**	10,422
Employee future benefits liability	**101,305**	**37,214**	**138,519**	251,124

Retirement and Other Employee Future Benefits Expenses

	2021			2020
	Retirement Gratuity Benefits $	**Other Employee Future Benefits** $	**Total Employee Future Benefits** $	Total Employee Future Benefits $
Current year benefit cost	**—**	**(1,867)**	**(1,867)**	93,793
Interest on accrued benefit obligation	**1,932**	**475**	**2,407**	4,650
Cost of plan amendments	**—**	**—**	**—**	—
Recognition of unamortized actuarial losses on plan amendments	**5,010**	**326**	**5,336**	3,505
Employee future benefits expenses *	**6,942**	**(1,066)**	**5,876**	101,948
Benefit payments	**(108,037)**	**(10,444)**	**(118,481)**	(109,939)
Change in liability	**(101,095)**	**(11,510)**	**(112,605)**	(7,991)

Retirement gratuity benefits are being amortized over the Employee Average Remaining Service Life (EARSL), which has been determined to be 2.90 years.

* **Excluding pension contributions to the OMERS, a multi-employer pension plan, described below.**

Plan changes

In 2012, changes were made to the Board's retirement gratuity plan and sick leave plan. As a result, employees eligible for retirement gratuity will receive payout upon retirement based on their accumulated vested sick days under the plan, years of service and salary as of August 31, 2012. All accumulated non-vested sick days were eliminated as of September 1, 2012 and were replaced with a new short-term leave and disability plan.

In 2013, further changes were made to the short-term leave and disability plan. Under the new short-term leave and disability plan, up to 11 unused sick leave days may be carried forward into the following year only, to be used to top-up benefits received under the short-term leave and disability plan in that year. A new provision was established as of August 31, 2013 representing the expected usage of sick days that have been carried forward for benefit top-up in the following year.

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2021 are based on actuarial valuations for accounting purposes as at August 31, 2019. These actuarial valuations were based on assumptions about future events. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2021	2020
	%	%
Inflation	**1.5**	1.5
Interest	**1.8**	1.4
Discount on accrued benefit obligations	**1.8**	1.4

Retirement Benefits

[i] Ontario Teacher's Pension Plan

Teachers and related employee groups are eligible to be members of 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 equal the employee contributions to the plan. During the year ended August 31, 2021, the Board contributed $349,310 [2020 - $320,680] 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 amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. 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 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. Effective September 1, 2013, employees retiring on or after this date will no longer qualify for the Board subsidized premiums or contributions.

Employee Life and Health Trusts (ELHTs) were established for all employee groups in 2016-18. As of year-end, there are no employee groups remaining for which the Board is responsible for providing Health, Dental and Life insurance benefits. As a result, the liability for this benefit has been eliminated.

Other Employee Future Benefits

[i] Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 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, 2021 were $91,472 [2020 - $82,337] 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. School boards are required to provide salary top-up to a maximum of 4½ 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 Salary Compensation

The Board provides long-term disability benefits including partial salary compensation during the period an employee is unable to work or until their normal retirement date. The Board provides health care benefits during the one or two years an employee is unable to work. 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.

[iv] Sick Leave Top-Up Benefits

A maximum of eleven 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 financial statements are $9,098 [2020 – $8,566].

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2021 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at August 31, 2021.

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021 $	2020 $
Operating surplus available for compliance	**1,181,666**	959,039
Committed capital projects	**2,100,151**	2,155,003
Internally appropriated surplus *[note 10]*	**1,787,618**	1,895,715
Unfunded amounts to be recovered	**(84,755)**	(123,371)
School Generated Funds	**119,692**	134,380
Revenues recognized for land	**710,325**	714,924
	5,814,697	5,735,690

10. INTERNALLY APPROPRIATED SURPLUS

Internally appropriated amounts are made up of the following:

	2021 $	2020 $
Retirement gratuity	**94,501**	202,537
School activities	**76,042**	76,043
Doubtful accounts	**314,412**	314,412
Labour costs	**88,556**	88,616
Administrative contingencies	**12,908**	12,908
Pupil accommodation – school renewal	**1,201,199**	1,201,199
	1,787,618	1,895,715

11. TANGIBLE CAPITAL ASSETS - NET

	Cost					Accumulated Amortization					Net Book Value	
	Balance Sept. 1, 2020 $	**Additions** $	**Transfers** $	**Disposals** $	**Balance Aug. 31, 2021** $	Balance Sept. 1, 2020 $	**Additions** $	**Transfers** $	**Disposals** $	**Balance Aug. 31, 2021** $	**Aug. 31, 2021** $	Aug. 31, 2020 $
Land	710,324	—	—	—	**710,324**	—	—	—	—	—	**710,324**	710,324
Land improvements	2,358,500	**1,008,209**	—	—	**3,366,709**	652,254	**214,814**	—	—	**867,068**	**2,499,641**	1,706,246
Buildings and building improvements	44,457,045	**2,690,682**	—	—	**47,147,727**	16,878,219	**1,722,538**	—	—	**18,600,757**	**28,546,970**	27,578,826
Other buildings	135,042	—	—	—	**135,042**	32,752	**6,750**	—	—	**39,502**	**95,540**	102,290
Furniture and equipment	81,602	—	—	—	**81,602**	37,688	**8,981**	—	—	**46,669**	**34,933**	43,914
Computer hardware and software	871,467	**517,064**	—	—	**1,388,531**	393,798	**390,985**	—	—	**784,783**	**603,748**	477,669
First-time equipping of schools	269,911	—	—	—	**269,911**	79,173	**27,056**	—	—	**106,229**	**163,682**	190,738
Vehicles	39,631	—	—	—	**39,631**	27,741	**7,926**	—	—	**35,667**	**3,964**	11,890
Construction-in-progress	—	—	—	—	—	—	—	—	—	—	—	—
Total	48,923,522	**4,215,955**	—	—	**53,139,477**	18,101,625	**2,379,050**	—	—	**20,480,675**	**32,658,802**	30,821,897

12. EXPENSES BY OBJECT

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

	2021 Budget $	**2021 Actual** $	2020 Actual $
Expenses			
Salaries and wages	**12,600,151**	**13,304,032**	12,461,370
Employee benefits	**2,298,415**	**2,349,396**	2,355,414
Staff development	**284,971**	**95,410**	182,198
Supplies and services	**2,048,422**	**2,833,822**	3,105,683
Interest charges on capital	**296,384**	**289,279**	313,680
Rental expenses	**85,545**	**94,372**	94,096
Fees and contract services	**561,650**	**894,450**	772,097
Other	**89,942**	**129,871**	116,237
Transfer to other boards	**650,000**	**504,494**	495,651
Amortization of tangible capital assets	**1,800,000**	**2,379,050**	1,846,275
	20,715,480	**22,874,176**	21,742,701

13. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The Board is a member of the Ontario School Board's Insurance Exchange ("OSBIE"), a reciprocal insurance company licenced under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of $20 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.

14. COMMITMENTS

[i] In 2021, the Superior North Catholic District School Board entered into an agreement to have Ultraviolet Light air purification systems installed in all schools at a total cost of $456,767. As of August 31, 2021, $0 has been incurred. All work is expected to be completed by November 1, 2021.

[ii] In 2021, the Superior North Catholic District School Board entered into an agreement to have ventilation upgrades performed at Holy Saviour Catholic School at a total cost of $767,028. As of August 31, 2021, approximately $598,700 has been incurred. All work is expected to be completed by November 30, 2021.

[iii] In 2021, the Superior North Catholic District School Board entered into an agreement to have ventilation upgrades performed at St Hilary Catholic School at a total cost of $220,873. As of August 31, 2021, approximately $119,900 has been incurred. All work is expected to be completed by November 1, 2021.

[iv] In 2021, the Superior North Catholic District School Board entered into an agreement to have new flooring installed at Our Lady of Fatima Catholic School at a total cost of $231,200. As of August 31, 2021, approximately $63,300 has been incurred. All work is expected to be completed by September 30, 2021.

[v] In 2021, the Superior North Catholic District School Board entered into an agreement to have new flooring installed at Our Lady of Lourdes Catholic School at a total cost of $320,600. As of August 31, 2021, approximately $71,400 has been incurred. All work is expected to be completed by September 30, 2021.

The aggregate minimum annual commitments under operating leases for the next four years are as follows:

	Vehicles $	Mail Machine $	Photocopier $	Total $
2021/22	40,959	3,200	16,973	61,132
2022/23	40,959	3,200	16,973	61,132
2023/24	40,959	1,067	7,865	49,891
2024/25	40,959	—	7,865	48,824
	163,835	7,467	49,675	220,977

15. FINANCIAL INSTRUMENTS

[a] Financial instruments

Financial instruments consist mainly of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

The carrying value of long-term liabilities approximates their fair values because the interest rate approximates the market rates for these types of borrowings.

[b] Credit risk

Credit risk is the risk that a third party will fail to discharge its obligation to the Board reducing the expected cash inflow from the Board's assets recorded at the Consolidated Statement of Financial Position date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. For these accounts, the Board determines on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

16. PARTNERSHIP IN STUDENT TRANSPORTATION SERVICES

On June 16, 2008, the Board entered into an agreement with Conseil scolaire de district catholique des Aurores boréales, Conseil scolaire de district du Grand Nord de l'Ontario and Superior-Greenstone District School Board 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 East of

Thunder Bay Transportation Consortium are shared. No partner is in a position to exercise unilateral control.

The Board's consolidated financial statements illustrate the Board's pro-rata share of revenues and expenses for the consortium.

17. IMPACTS OF COVID-19

Since early 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Funding to help alleviate pressures related to providing education during the pandemic has been provided by both the provincial and federal governments. This funding was directed to help with items such as additional cleaning, remote learning, improved ventilation, cohorting and social distancing, and supporting increased mental health and special education needs. Additional expenses to the board were roughly $1.659 million while funding was received or is receivable in the amount of $1.648 million. In addition, the majority of personal protective equipment and additional cleaning supplies were provided by the government on an as-needed basis. As a result of these supports there was not a material impact on the boards financial position resulting from the pandemic.

The board is responding to the pandemic by ensuring that the safety and physical and mental well-being of students, staff and families is the highest priority. Ministry expectations for masking, physical distancing, daily COVID screening, air quality and cleanliness are all being met or exceeded. Remote learning continues to be offered for any student that wishes to take part in it. While it is not known how long these expectations will need to stay in place, the board is committed to meeting them as long as they are.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Board for future periods.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.