

**English Montreal School Board**  
**Financial Statements**  
**June 30, 2020**

Independent Auditor's Report	2 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Accumulated Operating Surplus	7
Statement of Changes in Net Debt	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 20
Supplementary Information	21 - 22



## Independent Auditor's Report

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To the Trustee of  
English Montreal School Board

### Opinion

We have audited the financial statements of English Montreal School Board (hereafter "the School Board"), which comprise the statement of financial position as at June 30, 2020, and the statement of operations, the statement of accumulated operating surplus, the statement of changes in net debt and the statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School Board as at June 30, 2020, and the results of its activities, the changes in its net debt and its cash flows for the year then ended in accordance with 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 financial statements" section of our report. We are independent of the School Board 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.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 School Board'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 School Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the School Board'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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School 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 School 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 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 School Board 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.

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.

*Raymond Chabot Grant Thornton LLP<sup>1</sup>*

Montréal  
October 15, 2020

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<sup>1</sup> CPA auditor, CA public accountancy permit no. A117472

# English Montreal School Board

## Statement of Financial Position

June 30, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	849,236	2,881,562
Operating grants receivable (Note 6)	28,469,417	47,551,383
Grants related to the acquisition of property and equipment	13,720	86,819
Financing grants receivable	65,096,127	68,959,874
Accounts receivable (Note 7)	66,638,862	16,424,723
Inventories held for resale	241,213	228,405
Investments in fixed income, 1.75% to 2.5% (2.22% to 2.5% as at June 30, 2019), maturing between 2021 and 2022	422,156	321,377
	<u>161,730,731</u>	<u>136,454,143</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	51,643,496	47,250,185
Deferred contributions related to the acquisition of property and equipment (Note 9)	2,684,483	2,464,877
Deferred revenues	11,752,724	14,376,512
Allowance for employee benefits (Note 10)	16,629,784	17,887,681
Liability for contaminated sites	2,051,948	2,066,326
Other liabilities (Note 11)	287,549,775	240,046,637
	<u>372,312,210</u>	<u>324,092,218</u>
	<u>(210,581,479)</u>	<u>(187,638,075)</u>
<b>NET DEBT</b>		
<b>NON-FINANCIAL ASSETS</b>		
Property and equipment (Note 12)	282,358,202	268,764,497
Inventory – supplies	885,144	1,158,363
Prepaid expenses	479,590	656,502
	<u>283,722,936</u>	<u>270,579,362</u>
	<u>73,141,457</u>	<u>82,941,287</u>
<b>ACCUMULATED OPERATING SURPLUS</b>		

The accompanying notes are an integral part of the financial statements.

# English Montreal School Board

## Statement of Operations

Year ended June 30, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>Revenues</b>		
Ministère de l'Éducation (MEQ) operating grants	<b>250,130,951</b>	252,370,287
Other grants and contributions	<b>1,496,467</b>	1,493,737
School taxes	<b>69,719,438</b>	70,238,824
Tuition and course-related fees	<b>10,267,934</b>	16,203,765
Sales of goods and services	<b>12,942,715</b>	19,042,137
Other revenues	<b>4,327,897</b>	5,940,905
	<b><u>348,885,402</u></b>	<u>365,289,655</u>
<b>Expenses</b>		
Teaching activities	<b>171,008,199</b>	174,187,159
Educational support activities	<b>89,274,081</b>	87,840,002
Extracurricular activities	<b>23,292,381</b>	25,591,743
Administrative activities	<b>18,902,526</b>	16,822,384
Property and equipment activities	<b>38,968,807</b>	40,011,133
Other	<b>18,497,135</b>	17,975,554
Expenses related to the variation of the allowance for employee benefits (Note 10)	<b>(1,257,897)</b>	(247,758)
	<b><u>358,685,232</u></b>	<u>362,180,217</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b><u>(9,799,830)</u></b>	<u>3,109,438</u>

The accompanying notes are an integral part of the financial statements.

## English Montreal School Board

### Statement of Accumulated Operating Surplus

Year ended June 30, 2020

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	<u>2020</u>	<u>2019</u>
	\$	\$
Accumulated operating surplus, beginning of year	<b>82,941,287</b>	79,831,849
Excess (deficiency) of revenues over expenses	<b>(9,799,830)</b>	3,109,438
Accumulated operating surplus, end of year	<b><u>73,141,457</u></b>	<b><u>82,941,287</u></b>

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The accompanying notes are an integral part of the financial statements.

## English Montreal School Board Statement of Changes in Net Debt

Year ended June 30, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
Net debt, beginning of year	<u>(187,638,075)</u>	<u>(170,654,927)</u>
Excess (deficiency) of revenues over expenses	<u>(9,799,830)</u>	<u>3,109,438</u>
Variations due to property and equipment		
Acquisition of property and equipment	<b>(34,351,044)</b>	(33,229,715)
Amortization of property and equipment	<b>13,802,587</b>	13,297,013
Disposition of property and equipment	<b>6,954,752</b>	
	<u>(13,593,705)</u>	<u>(19,932,702)</u>
Variation due to prepaid expenses and inventory	<u>450,131</u>	<u>(159,884)</u>
Increase in net debt	<u>(22,943,404)</u>	<u>(16,983,148)</u>
Net debt, end of year	<u><u>(210,581,479)</u></u>	<u><u>(187,638,075)</u></u>

The accompanying notes are an integral part of the financial statements.

## English Montreal School Board

### Statement of Cash Flows

Year ended June 30, 2020

	2020	2019
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	<b>(9,799,830)</b>	3,109,438
Non-cash items		
Allowance for employee future benefits	<b>(1,257,897)</b>	(247,758)
Prepaid expenses and inventory – supplies	<b>450,131</b>	(159,884)
Amortization of deferred contributions – property and equipment	<b>(169,114)</b>	(235,207)
Amortization of property and equipment	<b>13,802,587</b>	13,297,013
Variations due to operating assets and liabilities	<b>19,266,393</b>	21,200,781
Cash flows from operating activities	<b>22,292,270</b>	36,964,383
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<b>(31,279,348)</b>	(36,738,488)
Disposition of property and equipment	<b>6,954,752</b>	
Cash flows from investing activities	<b>(24,324,596)</b>	(36,738,488)
<b>Net increase (decrease) in cash</b>	<b>(2,032,326)</b>	225,895
Cash, beginning of year	<b>2,881,562</b>	2,655,667
Cash, end of year	<b>849,236</b>	2,881,562

The accompanying notes are an integral part of the financial statements.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

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### **1 - GOVERNING STATUTES AND NATURE OF OPERATIONS**

An Act to amend mainly the Education Act with regard to school organization and governance (Bill 40) was adopted and assented to on February 8, 2020. Its main purpose is to review the organization and governance of school boards, which are becoming school service centres administered by an organization of directors composed of parents, community representatives and school service centre staff members. The mandate of French-language school board commissioners ended on February 8, 2020 when the bill received royal assent. As of February 8, 2020 and until October 15, 2020 (Order in Council 522-2020), the director general assumes the duties of the council of commissioners until the new French-language school service centre's board of directors takes office on October 15, 2020. For the English-language network, the commissioners' mandate is maintained.

The School Board was incorporated under decree 1014-97 of the Education Act on August 13, 1997. The financial statements have been prepared to satisfy the requirements of Section 287 of the Education Act (CQLR, c. I-13.3).

The School Board's mission is to organize, for the benefit of the persons who come under its jurisdiction, the educational services provided for by the Education Act and the basic school regulations established by the Government. The School Board's mission is also to promote and enhance the status of public education within its territory, to see to the quality of educational services and the success of students so that the population may attain a higher level of formal education and qualification, and to contribute, to the extent provided for by law, to the social, cultural and economic development of its region.

### **2 - IMPACTS RESULTING FROM THE COVID-19 PANDEMIC**

In March 2020, the World Health Organization declared an outbreak of a new coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world. The COVID-19 pandemic and the measures taken in response to its outbreak resulted in significant temporary disruptions to the School Board's operations. The School Board has taken and will continue to take steps in the aftermath of these events to minimize their impact. However, as of the date of finalization of the financial statements, the duration and impact of COVID-19 remains unknown. As a result, it is not possible to reliably estimate the impact that the duration and severity of the pandemic could have on the financial results, cash flows and financial position of the School Board for future fiscal years.

### **3 - SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of accounting and basis of presentation**

The School Board's financial statements are prepared in accordance with Canadian public sector accounting standards of the *CPA Canada Public Sector Accounting Handbook*, and use of any other source of generally accepted accounting principles must be consistent with the Handbook. The information provided in the financial statements is based on management's best judgments and estimates.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

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### **3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Accounting estimates**

The preparation of the School Board's financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the recognition of assets and liabilities, the presentation of assets and contingent liabilities at the financial statements date and the recognition of revenues and expenses for the year presented in the financial statements. Estimates and assumptions were used to evaluate the main items, such as useful life of property and equipment, accrued liabilities, allowance for employee future benefits and environmental liability. Actual results may differ from management's best estimates.

#### **Financial assets**

##### *Cash and cash equivalents*

The School Board's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances frequently fluctuate from being positive to overdrawn, and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty.

##### *Investments*

Long-term investments are valued at cost. They are written down when there is a loss in value that is other than a temporary decline. The annual variation of the write-down is included in expenses. A write-down of an investment is not reversed should there be a subsequent increase in value.

##### *Accounts receivable*

Accounts receivable, with the exception of commodity taxes receivable, are initially recorded at cost and revalued at the net recoverable value with the use of an allowance for doubtful accounts. The variation of this provision for the year is included in expenses.

##### *Inventories held for resale*

Inventories held for resale are valued at the lower of cost and net realizable value. Cost is determined using the average cost method.

#### **Liabilities**

##### *Deferred contributions allocated for property and equipment acquisition*

The contributions received for the acquisition of property and equipment are deferred and amortized in operations on the same basis and over the same period as the related property and equipment, in accordance with the stipulations of the government transfers.

##### *Deferred revenues*

Amounts received for revenues that will be earned in a subsequent year are deferred and presented as deferred revenues in liabilities in the statement of financial position.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

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### **3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenues can be recognized as deferred revenues if they meet the following three stipulations:

- Under purpose stipulations, the School Board has little or no discretionary power on how the transferred resources are used;
- Under time stipulations, the School Board has little or no discretionary power on the years during which the received amounts must be used or consumed;
- Under accountability stipulations, execution is constantly monitored and failure to comply with the transfer conditions results in sanctions, such as repayment of the transferred resources.

#### *Pension plans*

Members of the School Board's staff participate in the Régime de retraite des employés du gouvernement et des organismes publics (RREGOP), the Régime de retraite des enseignants (RRE) or the Régime de retraite du personnel d'encadrement (RRPE). These multi-employer plans are defined benefit plans with guaranteed retirement and death benefits. The School Board's contributions to these government retirement plans for the year are assumed by the Government of Quebec and are not included in the financial statements.

#### *Allowance for employee benefits*

Long-term obligations under other employee benefit plans, such as sick leave, vacation, accumulated overtime, wages insurance coverage and other benefits (maternity and paternity leave) are recognized at cost in liabilities. The change in the provision for the year is recognized in expenses.

#### *School Board's share of the long-term debt subject to a pledge of grant held by the Comité de gestion de la taxe scolaire de l'île de Montréal (CGTSIM)*

The School Board's share of the long-term debt subject to a pledge of grant held by the CGTSIM is recognized as the amounts are received, adjusted for the amortization of the discount or premium, up to the amount of capital to repay on maturity.

#### *Liability for contaminated sites*

Obligations resulting from the decontamination of contaminated sites under the responsibility of the School Board, or that may likely fall under its responsibility, are recognized as liability for contaminated sites as soon as the contamination exceeds environmental standards, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made.

The liability for contaminated sites includes estimated costs of contaminated site management and decontamination. The School Board used various methods to estimate the rehabilitation and management costs, including site characterization studies or comparative analyses. For each contaminated site, the estimated cost is increased to reflect the degree of accuracy associated with the method used. Costs are evaluated based on the best information available and reviewed annually.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

### 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furthermore, the Government of Quebec stated that it would assume the costs of decontamination of contaminated land existing as at March 31, 2008 and inventoried as at March 31, 2011, as well as the variances of these liabilities as at June 30, 2020. Consequently, the School Board is able to recognize an account receivable from the Government of Quebec to offset the costs associated with this environmental liability. All liabilities recognized after March 31, 2011 for non-inventoried land at that date are assumed by the School Board and recorded in its operations for the related fiscal year.

#### Non-financial assets

##### *Property and equipment*

Property and equipment are non-financial assets acquired, built, developed or improved, whose useful lives extend beyond the year, and are intended to be used sustainably for the production of goods or delivery of service.

Property and equipment are recognized at cost. With the exception of land, the cost of property and equipment is amortized according to the straight-line method over the following periods:

	<u>Periods</u>
Land development	10 or 20 years
Buildings and major building improvements	25 to 50 years
Material and equipment	3 to 15 years
Specialized pedagogical teaching equipment	10 or 20 years
Computer development	5 years

Property and equipment under construction, development or improvement are not amortized until they are put into service.

Works of art and historical treasures consist primarily of paintings, sculptures, drawings and installations, and their cost is expensed in the year of acquisition.

Items of property and equipment that are contributed or acquired for a nominal value are recognized at their fair value at the time of acquisition.

The amounts received from organizations are recognized in liabilities as deferred revenues and are gradually transferred to the operating results and amortized on the same basis and over the same period as the related property and equipment. However, the contributions received for the acquisition of land are recognized in revenues in the year of acquisition.

If circumstances indicate that an item of property and equipment no longer contributes to the School Board's ability to provide goods and services or that the value of the item's future economic benefits is less than its net carrying amount, the cost of the item of property and equipment is reduced to reflect the decline in value.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

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### **3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *Inventory of supplies*

Inventory, which consists of supplies to be consumed in the normal course of operations during the coming fiscal years, is presented as non-financial assets.

#### *Prepaid expenses*

Prepaid expenses represent payments made before the financial year-end for services which the School Board will benefit from during or beyond the upcoming fiscal years. These costs will be added to the expenses when the School Board will benefit from the services paid for.

#### **Revenue recognition**

Subsidy revenue from the MEQ and other ministries and organizations is recognized in the year during which the transfers are authorized and the School Board has satisfied the eligibility criteria for that year's budgetary rules. In management's opinion, the payment authorization is an integral part of the government transfer authorization process and, accordingly, subsidy revenue is not recognized until the payer has sufficient budget credits approved by the National Assembly. Subsidy revenue recognition may be deferred to a subsequent year when the School Board has satisfied certain conditions, which are described in the Liabilities – Deferred revenues accounting policy.

Revenues from the school taxes and subsidies in lieu of taxes are managed by the CGTSIM and are recognized based on the proportion thereof allocated to the School Board and confirmed by the CGTSIM.

The School Board's main sources of revenues, other than contributions, are student fees, external sales and the recovery of direct costs that are presented in Tuition and course-related fees, Sales of goods and services, and Other revenues. Revenues are recognized when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- The price is fixed or determinable;
- Collection is reasonably assured.

Revenues are recognized as the services are rendered. Deferred revenues represent funds received for which revenues have not yet been earned.

#### **Inter-entity transactions**

Inter-entity transactions are transactions between entities controlled by the Government of Quebec or entities under shared control.

Assets received without consideration from a Government of Quebec reporting entity are recognized at the carrying amount. Services received at no cost are not recognized. Other inter-entity transactions are carried out at the exchange amount, that is, at the amount of the consideration given for the item transferred or service provided as established and agreed to.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

### 4 - BUDGET FORECAST PRESENTATION

According to the Education Act (CQLR c. 1-13.3), the School Board has prepared budget forecasts for the current year, which were duly adopted by the Council of Commissioners.

These budget data are not prepared with the same level of details as the actual data presented in the financial statements.

The summary of budget forecasts initially adopted by the Council of Commissioners is compared with the corresponding actual data:

	Budget 2019-2020 \$	Actual 2019-2020 \$
Revenues		
MEQ operating grants	263,447,473	250,130,951
Other grants and contributions	1,000,000	1,496,467
School taxes	69,837,730	69,719,438
Tuition and course-related fees	14,025,500	10,267,934
Sales of goods and services	17,801,672	12,942,715
Other revenues	2,566,297	4,327,897
Total revenues	<u>368,678,672</u>	<u>348,885,402</u>
Expenses		
Teaching activities	180,577,711	171,008,199
Educational support activities	96,150,436	89,274,081
Extracurricular activities	23,832,133	23,292,381
Administrative activities	17,635,948	18,902,526
Property and equipment activities	41,343,884	38,968,807
Other	16,024,119	18,497,135
Expenses related to the variation of the allowance for employee benefits	405,303	(1,257,897)
	<u>375,969,534</u>	<u>358,685,232</u>
Deficiency of revenues over expenses	<u>(7,290,862)</u>	<u>(9,799,830)</u>

### 5 - CASH FLOWS

	2020 \$	2019 \$
Interest paid during the year	53,121	38,284
Interest received during the year	160,951	221,878

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

### 6 - OPERATING GRANTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
	\$	\$
MEQ		
Youth, adult education and vocational education	14,744,591	32,428,498
Debt service	88,140	41,410
Transportation	(269,461)	61,142
Contaminated sites	469,129	759,629
Other grants	245,518	632,003
Financing of employee future benefits	13,191,500	13,628,701
	<u>28,469,417</u>	<u>47,551,383</u>

### 7 - ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
	\$	\$
Accounts receivable – CGTSIM	62,185,011	10,160,032
Accounts receivable – other	3,788,278	5,081,612
Sabbatical leave receivable	299,895	165,863
Commodity taxes receivable	762,250	1,823,351
	<u>67,035,434</u>	<u>17,230,858</u>
Allowance for doubtful accounts	(396,572)	(806,135)
	<u>66,638,862</u>	<u>16,424,723</u>

### 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
	\$	\$
Trade accounts payable and accrued liabilities	11,616,778	13,402,229
Salaries and benefits payable	26,649,382	23,715,261
Sabbatical leave payable	2,815,097	2,642,152
Holdbacks on contracts and accounts payable – property and equipment	10,562,239	7,490,543
	<u>51,643,496</u>	<u>47,250,185</u>

### 9 - DEFERRED CONTRIBUTIONS RELATED TO THE ACQUISITION OF PROPERTY AND EQUIPMENT

	<u>2020</u>	<u>2019</u>
	\$	\$
Balance, beginning of year	2,464,877	1,938,873
Amounts recognized as deferred contributions	388,720	761,211
Contributions recognized as revenues for the year	(169,114)	(235,207)
Balance, end of year	<u>2,684,483</u>	<u>2,464,877</u>

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

### 10 - ALLOWANCE FOR EMPLOYEE BENEFITS

Among the long-term obligations under employee future benefit plans, the School Board has a sick leave program. Until June 30, 2016, in accordance with the various collective agreements, this program allowed certain employees to accumulate unused sick days to which they were entitled annually and monetize them in the event of termination, retirement or death. Moreover, in the context of early retirement, employees can elect to use these accumulated sick days as fully paid days of absence. Since July 1, 2016, employees may no longer accumulate sick days acquired after that date. Sick days will be paid annually on June 30<sup>th</sup> if they are not used at that date.

	<u>2020</u>	<u>2019</u>
	\$	\$
Vacation	7,087,451	6,985,615
Other sick leave	797,906	885,939
Salary insurance	1,072,658	1,504,946
Other social benefits	109,830	168,734
Sick leave convertible into cash – teachers	5,090,014	5,723,242
Employer contributions payable	2,471,925	2,619,205
	<u>16,629,784</u>	<u>17,887,681</u>

### 11 - OTHER LIABILITIES

	<u>2020</u>	<u>2019</u>
	\$	\$
CNESST's retrospective program provision	1,170,857	903,202
School Board's share of the long-term debt subject to a pledge of grant held by the CGTSIM	283,219,051	236,515,612
Class action	75,535	75,535
Other	3,084,332	2,552,288
	<u>287,549,775</u>	<u>240,046,637</u>

The long-term debt of school boards on the Island of Montreal is managed by the CGTSIM. The School Board's share of the long-term debt subject to a pledge of grant is confirmed by the CGTSIM.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

### 12 - PROPERTY AND EQUIPMENT

	<b>2020</b>		
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Land and land development			
Land	17,358,823		17,358,823
Land development	19,119,641	3,688,379	15,431,262
Buildings			
Buildings	258,601,181	197,382,496	61,218,685
Major building improvements	199,060,144	29,305,435	169,754,709
Material and equipment	25,640,721	14,687,136	10,953,585
Specialized pedagogical teaching equipment	13,959,870	6,994,944	6,964,926
Computer development	1,543,934	867,722	676,212
	<u>535,284,314</u>	<u>252,926,112</u>	<u>282,358,202</u>
			<b>2019</b>
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Land and land development			
Land	17,597,404		17,597,404
Land development	17,527,854	3,075,095	14,452,759
Buildings			
Buildings	265,350,996	201,224,382	64,126,614
Major building improvements	178,024,799	24,673,480	153,351,319
Material and equipment	27,621,778	16,214,687	11,407,091
Specialized pedagogical teaching equipment	13,183,269	5,980,982	7,202,287
Computer development	1,511,850	884,827	627,023
	<u>520,817,950</u>	<u>252,053,453</u>	<u>268,764,497</u>

The total amount of property and equipment includes \$34,368,742 of property and equipment in progress or development (\$14,722,290 as at June 30, 2019), \$5,058,818 for land development (\$2,527,536 as at June 30, 2019) and \$29,309,924 for major improvements and transformation (\$12,194,754 as at June 30, 2019). No amortization is taken on these property and equipment.

As at June 30, 2020, accounts payable and accrued liabilities include \$10,562,239 that relate to the acquisition of property and equipment (\$7,490,543 as at June 30, 2019).

### 13 - RISK MANAGEMENT AND FINANCIAL RISKS

#### Risk management policy

The School Board is exposed to various risks related to its financial instruments. The following provides a measure of risks at the year-end date, being June 30, 2020.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

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### **13 - RISK MANAGEMENT AND FINANCIAL RISKS (Continued)**

#### **Financial risks**

##### *Credit risk*

Credit risk is the risk of a counterparty defaulting on contractual obligations. The School Board's credit risk is mainly associated with accounts receivable, excluding commodity taxes receivable. To reduce its credit risk, the School Board regularly analyzes the balance of its accounts receivable, excluding commodity taxes receivable, and reserves an allowance for doubtful accounts, as necessary, based on their estimated realizable value.

The carrying amount of the School Board's main financial assets represents the maximum amount exposed to credit risk.

##### *Interest rate risk*

The interest rate risk is the risk that the financial instruments will vary unfavourably according to interest rate fluctuations, whether the interest rates are fixed or variable. Fixed interest rate financial instruments expose the School Board to the risk of changes in fair value and those with variable interest rate, to a cash flow risk.

##### *Liquidity risk*

The School Board's liquidity risk represents the risk that the School Board could encounter difficulty in meeting obligations associated with its financial liabilities.

The School Board is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the School Board has financing sources for a sufficient authorized amount. The School Board establishes budget and cash estimates to ensure that it has the necessary funds to fulfil its obligations.

### **14 - CONTRACTUAL OBLIGATIONS AND RIGHTS**

As part of its operations, the School Board has entered into various long-term agreements. The most significant agreements have led to the following contractual obligations and rights.

#### **Contractual obligations**

- An amount of \$33,282,271 for construction, renovation and land improvement agreements to be completed during 2020-2021;
- An amount of \$33,167,196 for long-term lease agreements for the rental of photocopiers and other contracts maturing at different dates between 2020 and 2032. Minimum lease payments for the next five years are \$7,975,868 in 2021, \$5,891,007 in 2022, \$2,791,065 in 2023, \$2,042,462 in 2024 and \$1,941,306 in 2025.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2020

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### **14 - CONTRACTUAL OBLIGATIONS AND RIGHTS (Continued)**

- An amount of \$1,865,755 for professional development to be completed during 2020-2021;
- An amount of \$544,598 for apprenticeship programs to be completed during 2020-2021;
- An amount of \$16,675,749 for school transportation contracts, which mature on June 30, 2022. Minimum payments for the next two years are \$8,337,874 per year.

### **Contractual rights**

The School Board has concluded leases of premises providing for rents totalling \$1,656,331. These are due as follows: \$829,151 in 2021 and \$827,180 in 2022.

### **15 - CONTINGENCIES**

As at June 30, 2020, outstanding claims against the School Board amount to \$15,651,200 and consist of various claims on construction contracts and other. In order to cope with potential losses from such claims, a provision of \$256,829 was recorded in liabilities in the financial statements. Any variation resulting from the outcome of these contingencies will be recognized in the statement of operations in the current fiscal year.

### **16 - RELATED PARTY TRANSACTIONS**

In addition to the related party transactions, which are already reported in the financial statements and recognized at the exchange amount, the School Board is related to all the departments, special funds, organizations and enterprises controlled directly or indirectly by the Government of Quebec or under the common control or subject to the significant influence of the Government of Quebec. It is also related to its main directors, immediate family members and entities where one or more of these individuals have the power to direct the School Board's financial and administrative decisions.

During the year, the School Board ceded at its net book value, land and buildings to another entity controlled by the Government of Quebec, for a monetary contribution of \$6,954,752.

Except the operation above, the School Board has not entered into any commercial transactions with any of these related parties, other than in the normal course of its operations and under normal commercial terms. These transactions are not reported separately in the financial statements.

# English Montreal School Board

## Supplementary Information

Year ended June 30, 2020

(Unaudited)

The following supplementary information has been compiled from financial information contained in the financial report. We have not performed an audit or a review engagement in respect of this supplementary information and, accordingly, we express no assurance thereon.

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>EXPENSES BY NATURE</b>		
Teaching activities		
Salaries and fringe benefits	160,384,044	160,478,431
Other expenses	10,624,155	13,708,728
	<u>171,008,199</u>	<u>174,187,159</u>
Educational support activities		
Salaries and fringe benefits	76,273,580	71,043,052
Other expenses	13,000,501	16,796,950
	<u>89,274,081</u>	<u>87,840,002</u>
Extracurricular activities		
Salaries and fringe benefits	11,555,902	11,808,938
Other expenses	11,736,479	13,782,805
	<u>23,292,381</u>	<u>25,591,743</u>
Administrative activities		
Salaries and fringe benefits	14,817,695	12,973,796
Other expenses	4,084,831	3,848,588
	<u>18,902,526</u>	<u>16,822,384</u>
Property and equipment activities		
Salaries and fringe benefits	11,093,500	10,791,156
Amortization of property and equipment	13,802,587	13,297,013
Other expenses	14,072,720	15,922,964
	<u>38,968,807</u>	<u>40,011,133</u>
Other activities		
Salaries and fringe benefits	1,933,917	2,152,102
Debt service	445,730	391,687
Environmental liability	9,611	258,975
Allowance for doubtful accounts	553,178	85,061
Other expenses	15,554,699	15,087,729
	<u>18,497,135</u>	<u>17,975,554</u>
Allowance for employee benefits	<u>(1,257,897)</u>	<u>(247,758)</u>
	<u>358,685,232</u>	<u>362,180,217</u>

# English Montreal School Board

## Supplementary Information

Year ended June 30, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>ACCUMULATED OPERATING SURPLUS</b>		
Accumulated operating surplus, beginning of year	<u>82,941,287</u>	<u>79,831,849</u>
Total revenues	<b>348,885,402</b>	365,289,655
Total expenses	<b>358,685,232</b>	362,180,217
Excess (deficiency) of revenues over expenses	<u><b>(9,799,830)</b></u>	<u>3,109,438</u>
Accumulated operating surplus, end of year	<u><b>73,141,457</b></u>	<u>82,941,287</u>
Accumulated operating surplus		
Land	<b>17,358,823</b>	17,597,404
School Board	<b>42,464,788</b>	53,983,126
Gain on disposal of property and equipment	<b>7,187,480</b>	7,187,480
Schools and centres	<u><b>6,130,366</b></u>	<u>4,173,277</u>
Accumulated operating surplus, end of year	<u><b>73,141,457</b></u>	<u>82,941,287</u>
Excess (deficiency) of revenues over expenses for the year		
School Board	<b>(11,756,919)</b>	1,591,128
Schools and centres	<u><b>1,957,089</b></u>	<u>1,518,310</u>
Excess (deficiency) of revenues over expenses for the year	<u><b>(9,799,830)</b></u>	<u>3,109,438</u>