

**English Montreal School Board**  
**Financial Statements**  
**June 30, 2022**

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## Independent Auditor's Report

To the Council of Commissioners of  
English Montreal School Board

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### 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, 2022, and the statement of earnings, the statement of accumulated 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, 2022, and the results of its operations, 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 13, 2022

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

# English Montreal School Board

## Statement of Financial Position

June 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	4,152,368	3,045,421
Operating grants receivable (Note 5)	35,503,059	13,809,153
Investment grants receivable (Note 6)	336,764,195	321,116,913
Financing grants receivable	2,012,972	2,012,528
Accounts receivable (Note 7)	64,209,983	73,320,010
Inventories held for resale	121,545	206,366
Investments in fixed income, 1.06% to 3.75% (0.20% to 1.52% as at June 30, 2021), maturing in 2024	496,211	245,007
Other assets	707,657	595,658
	<u>443,967,990</u>	<u>414,351,056</u>
<b>LIABILITIES</b>		
School Board's share of the bank loan subject to a pledge of grant held by the CGTSIM (Note 11)	15,469,545	
Accounts payable and accrued liabilities (Note 8)	52,748,174	61,766,361
Deferred investment grant (Note 9)	290,470,332	269,308,601
Deferred revenues	9,347,763	7,767,803
Allowance for employee benefits (Note 10)	16,979,040	16,678,473
School Board's share of the long-term debt subject to a pledge of grant held by the CGTSIM (Note 11)	316,492,552	298,392,822
Liability for contaminated sites	2,012,972	2,012,528
Other liabilities (Note 12)	5,256,429	19,762,586
	<u>708,776,807</u>	<u>675,689,174</u>
<b>NET DEBT</b>	<u>(264,808,817)</u>	<u>(261,338,118)</u>
<b>NON-FINANCIAL ASSETS</b>		
Property and equipment (Note 13)	337,742,332	317,917,174
Inventories – supplies	1,093,373	902,609
Prepaid expenses	2,994,760	304,771
	<u>341,830,465</u>	<u>319,124,554</u>
<b>ACCUMULATED OPERATING SURPLUS</b>	<u>77,021,648</u>	<u>57,786,436</u>

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

# English Montreal School Board

## Statement of Earnings

Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>Revenues</b>		
Ministère de l'Éducation (MEQ) operating grants	<b>285,661,927</b>	255,699,766
Investment grants	<b>479,397</b>	441,604
Other grants and contributions	<b>1,433,048</b>	1,351,982
School taxes	<b>69,151,855</b>	71,794,165
Tuition and course-related fees	<b>5,186,983</b>	8,556,027
Sales of goods and services	<b>12,282,151</b>	10,379,890
Other revenues	<b>5,368,413</b>	4,411,083
Amortization of deferred investment grant	<b>14,254,229</b>	12,791,723
	<b><u>393,818,003</u></b>	<u>365,426,240</u>
<b>Expenses</b>		
Teaching activities	<b>175,054,611</b>	171,219,853
Educational support activities	<b>95,211,231</b>	87,376,774
Extracurricular activities	<b>24,638,866</b>	23,580,700
Administrative activities	<b>17,087,406</b>	15,268,452
Property and equipment activities	<b>42,083,887</b>	40,648,772
Salary retroactivity and pay equity	<b>949,224</b>	21,187,788
Other	<b>19,598,200</b>	19,015,908
Expenses related to the variation of the allowance for employee benefits (Note 10)	<b>300,567</b>	48,689
Gain on the disposition of property and equipment	<b>(341,201)</b>	
	<b><u>374,582,791</u></b>	<u>378,346,936</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b><u>19,235,212</u></b>	<u>(12,920,696)</u>

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

## English Montreal School Board Statement of Accumulated Surplus

Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year		
Balance, as previously reported	<b>57,786,436</b>	73,141,457
Accounting change		(2,434,325)
Balance, restated	<b>57,786,436</b>	70,707,132
Excess (deficiency) of revenues over expenses	<b>19,235,212</b>	(12,920,696)
Balance, end of year	<b><u>77,021,648</u></b>	<b><u>57,786,436</u></b>

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, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year		
Balance, as previously reported	<b>(261,338,118)</b>	(210,581,479)
Accounting change		(2,434,325)
Balance, restated	<b>(261,338,118)</b>	(213,015,804)
Excess (deficiency) of revenues over expenses	<b>19,235,212</b>	(12,920,696)
Variations due to property and equipment		
Acquisition of property and equipment (Note 13)	<b>(35,470,075)</b>	(50,100,571)
Amortization of property and equipment	<b>15,585,435</b>	14,541,599
Gain on the disposition of property and equipment	<b>(341,201)</b>	
Proceeds of the disposition of property and equipment	<b>400,683</b>	
	<b>(19,825,158)</b>	(35,558,972)
Variation due to prepaid expenses and inventories	<b>(2,880,753)</b>	157,354
Increase in net debt	<b>(3,470,699)</b>	(48,322,314)
Balance, end of year	<b>(264,808,817)</b>	(261,338,118)

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

# English Montreal School Board

## Statement of Cash Flows

Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	19,235,212	(12,920,696)
Non-cash items		
Allowance for doubtful accounts	329,895	
Allowance for employee future benefits	300,567	48,689
Prepaid expenses and inventories – supplies	(2,880,753)	157,354
Amortization of deferred investment grant	(14,254,229)	(12,791,723)
Amortization of property and equipment	15,585,435	14,541,599
Gain on the disposition of property and equipment	(341,201)	
Variations due to operating assets and liabilities	<u>21,379,485</u>	<u>60,498,000</u>
Cash flows from operating activities	<u>39,354,411</u>	<u>49,533,223</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(38,396,943)	(47,337,038)
Investments in fixed income	(251,204)	
Proceeds of the disposition of property and equipment	400,683	
Cash flows from investing activities	<u>(38,247,464)</u>	<u>(47,337,038)</u>
<b>Net increase in cash and cash equivalents</b>	<b>1,106,947</b>	<b>2,196,185</b>
Cash and cash equivalents, beginning of year	<u>3,045,421</u>	<u>849,236</u>
Cash and cash equivalents, end of year	<u><u>4,152,368</u></u>	<u><u>3,045,421</u></u>

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

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

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

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 - 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.

#### **Accounting estimates**

The preparation of financial statements requires the School Board's management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the School Board may undertake in the future. Actual results may differ from these 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.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

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

#### *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 investment grant allocated for property and equipment acquisitions*

The investment subsidy received for acquisitions of property and equipment is deferred and amortized in operations on the same basis and over the same period as related property and equipment, in accordance with the stipulations of these 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.

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 multiemployer 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.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

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

#### *Allowance for employee benefits*

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

#### *School Board's share of bank loan and 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 bank loan and 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 uses 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.

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, 2022. 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 services.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

### 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	15 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.

#### *Inventories of supplies*

Inventories, which consist of supplies to be consumed in the normal course of operations during the coming fiscal years, are 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.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

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

#### **Revenue recognition**

Subsidy revenues from the MEQ and other ministries and organizations are recognized in the year during which the events giving rise to the transfers occur, provided that they have been authorized, the eligibility criteria are met and a reasonable estimate of the amounts is possible, except when the terms of the agreement create an obligation that meets the definition of a liability. In such a case, the transfer is recognized as a liability under prepaid income.

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 occurring with entities controlled by the Government of Quebec or subject to its shared control.

Assets received for no consideration from an entity included in the Government of Quebec 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, the amount of the consideration given for the item transferred or service provided as established and agreed to.

### **3 - 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.

This budget data is not prepared with the same level of detail as the actual data presented in the financial statements.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

### 3 - BUDGET FORECAST PRESENTATION (Continued)

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

	Budget 2021-2022	Actual 2021-2022
	\$	\$
Revenues		
MEQ operating grants	257,313,929	285,661,927
Investment grants	575,476	479,397
Other grants and contributions	940,000	1,433,048
School taxes	69,328,627	69,151,855
Tuition and course-related fees	10,527,800	5,186,983
Sales of goods and services	17,354,320	12,282,151
Other revenues	1,788,692	5,368,413
Amortization of deferred investment grant	13,697,493	14,254,229
Total revenues	<u>371,526,337</u>	<u>393,818,003</u>
Expenses		
Teaching activities	175,116,673	175,054,611
Educational support activities	100,120,778	95,211,231
Extracurricular activities	25,043,385	24,638,866
Administrative activities	17,786,403	17,087,406
Property and equipment activities	43,163,740	42,083,887
Salary retroactivity and pay equity		949,224
Other	16,939,161	19,598,200
Expenses related to the variation of the allowance for employee benefits	(255,133)	300,567
Gain on the disposition of property and equipment		(341,201)
	<u>377,915,007</u>	<u>374,582,791</u>
Excess (deficiency) of revenues over expenses	<u>(6,388,670)</u>	<u>19,235,212</u>

### 4 - CASH FLOWS

	2022	2021
	\$	\$
Interest paid during the year	<b>36,477</b>	23,156
Interest received during the year	<b>81,836</b>	134,267

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

### 5 - OPERATING GRANTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
	\$	\$
MEQ		
Youth, adult and vocational education	34,948,994	13,401,180
Debt service	(1,663)	(28,893)
Transportation	464,491	99,345
Contaminated sites	30,999	157,921
Other grants	60,238	179,600
	<u>35,503,059</u>	<u>13,809,153</u>

### 6 - INVESTMENT GRANTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
	\$	\$
Investment grant receivable (budgetary parameters)	336,764,195	321,105,171
Investment grant receivable (other)		11,742
	<u>336,764,195</u>	<u>321,116,913</u>

### 7 - ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
	\$	\$
Accounts receivable – CGTSIM	60,371,834	67,763,418
Accounts receivable – other	3,554,183	3,986,105
Sabbatical leaves receivable	130,273	306,561
Commodity taxes receivable	1,117,265	1,907,498
	<u>65,173,555</u>	<u>73,963,582</u>
Allowance for doubtful accounts	(963,572)	(643,572)
	<u>64,209,983</u>	<u>73,320,010</u>

### 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
	\$	\$
Trade accounts payable and accrued liabilities	10,250,721	9,226,839
Salaries and benefits payable	29,591,559	31,504,924
Accrual for pay equity		5,190,415
Sabbatical leave payable	2,506,990	2,518,411
Holdbacks on contracts and accounts payable – property and equipment	10,398,904	13,325,772
	<u>52,748,174</u>	<u>61,766,361</u>

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

### 9 - DEFERRED INVESTMENT GRANT

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year	269,308,601	232,135,783
Amounts recognized as deferred contributions	35,415,960	49,964,541
Contributions recognized as revenues for the year	<u>(14,254,229)</u>	<u>(12,791,723)</u>
Balance, end of year	<u>290,470,332</u>	<u>269,308,601</u>

### 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 if they are not used at that date.

	<u>2022</u>	<u>2021</u>
	\$	\$
Vacation	7,924,058	7,749,035
Other sick leave	860,998	822,927
Salary insurance	172,370	382,712
Other social benefits	376,787	230,952
Sick leave convertible into cash – teachers	5,044,576	4,949,240
Employer contributions payable	<u>2,600,251</u>	<u>2,543,607</u>
	<u>16,979,040</u>	<u>16,678,473</u>

### 11 - SCHOOL BOARD'S SHARE OF BANK LOAN AND THE LONG-TERM DEBT SUBJECT TO A PLEDGE OF GRANT HELD BY THE CGTSIM

The bank loan and long-term debt of school boards on the Island of Montréal are 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.

### 12 - OTHER LIABILITIES

	<u>2022</u>	<u>2021</u>
	\$	\$
Class action	75,535	75,535
Other	3,328,749	3,689,678
Accrual for salary retroactivity and lump-sum amounts	<u>1,852,145</u>	<u>15,997,373</u>
	<u>5,256,429</u>	<u>19,762,586</u>

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

### 13 - PROPERTY AND EQUIPMENT

	<b>2022</b>		
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Land and land development			
Land	17,314,227		17,314,227
Land development	23,448,995	5,266,549	18,182,446
Buildings			
Buildings	258,891,354	201,839,684	57,051,670
Major building improvements	266,020,189	41,166,140	224,854,049
Material and equipment	29,539,763	17,695,792	11,843,971
Specialized pedagogical teaching equipment	13,610,100	5,867,219	7,742,881
Computer development	1,603,933	850,845	753,088
	<b>610,428,561</b>	<b>272,686,229</b>	<b>337,742,332</b>
			<b>2021</b>
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Land and land development			
Land	17,358,823		17,358,823
Land development	21,039,741	4,437,545	16,602,196
Buildings			
Buildings	258,827,287	199,618,215	59,209,072
Major building improvements	238,324,056	34,899,259	203,424,797
Material and equipment	29,584,547	16,270,532	13,314,015
Specialized pedagogical teaching equipment	13,953,681	6,664,835	7,288,846
Computer development	1,573,933	854,508	719,425
	<b>580,662,068</b>	<b>262,744,894</b>	<b>317,917,174</b>

The total amount of property and equipment includes \$27,706,809 of property and equipment in progress or development (\$59,243,790 as at June 30, 2021), \$3,929,732 for land development (\$4,212,635 as at June 30, 2021) and \$23,777,077 for major improvements and transformation (\$55,031,155 as at June 30, 2021). No amortization is taken on these property and equipment.

As at June 30, 2022, accounts payable and accrued liabilities include \$10,398,904 that relate to the acquisition of property and equipment (\$13,325,772 as at June 30, 2021).

### 14 - 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, 2022.

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

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### **14 - 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.

### **15 - 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 \$32,531,059 for construction, renovation and land improvement agreements to be completed during 2022-2023;
- An amount of \$30,300,471 for long-term lease agreements for the rental of photocopiers and other contracts maturing at different dates between 2022 and 2032. Minimum lease payments for the next five years are \$12,320,100 in 2023, \$3,187,186 in 2024, \$2,134,330 in 2025, \$1,745,670 in 2026 and \$1,694,342 in 2027;

# English Montreal School Board

## Notes to Financial Statements

June 30, 2022

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

- An amount of \$2,868,430 for professional development to be completed during 2022-2023;
- An amount of \$615,760 for apprenticeship programs to be completed during 2022-2023;
- An amount of \$8,759,714 for school transportation contracts, which mature on June 30, 2023.

#### **Contractual rights**

The School Board has concluded leases of premises, which mature in 2023 and provide for rents amounting to \$881,277.

### **16 - CONTINGENCIES**

As at June 30, 2022, outstanding claims against the School Board amount to \$16,678,518 (\$16,230,865 as at June 30, 2021) and consist of various claims on construction contracts and other. In order to cope with potential losses from such claims, a provision of \$241,001 was recorded in liabilities in the financial statements. Any variation resulting from the outcome of these contingencies will be recognized in the statement of earnings in the current fiscal year.

Subsequent to its year-end, the School Board settled out of court in a claim worth \$15,000,000. The amount accrued as of June 30, 2022 was sufficient.

### **17 - 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.

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, 2022

(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>2022</u>	<u>2021</u>
	\$	\$
<b>EXPENSES BY NATURE</b>		
Teaching activities		
Salaries and fringe benefits	166,131,017	161,558,204
Other expenses	8,923,594	9,661,649
	<u>175,054,611</u>	<u>171,219,853</u>
Educational support activities		
Salaries and fringe benefits	82,524,171	76,519,035
Other expenses	12,687,060	10,857,739
	<u>95,211,231</u>	<u>87,376,774</u>
Extracurricular activities		
Salaries and fringe benefits	10,600,253	10,535,749
Other expenses	14,038,613	13,044,951
	<u>24,638,866</u>	<u>23,580,700</u>
Administrative activities		
Salaries and fringe benefits	13,500,819	10,956,818
Other expenses	3,586,587	4,311,634
	<u>17,087,406</u>	<u>15,268,452</u>
Property and equipment activities		
Salaries and fringe benefits	11,430,962	10,661,829
Amortization of property and equipment	15,585,435	14,541,599
Gain on the disposition of property and equipment	(341,201)	
Other expenses	15,067,490	15,445,344
	<u>41,742,686</u>	<u>40,648,772</u>
Other activities		
Salaries and fringe benefits	3,600,268	22,335,139
Debt service	(174,746)	1,383,154
Environmental liability	5,296	(19,601)
Allowance for doubtful accounts	329,895	278,990
Other expenses	16,786,711	16,226,014
	<u>20,547,424</u>	<u>40,203,696</u>
Allowance for employee benefits	300,567	48,689
	<u>374,582,791</u>	<u>378,346,936</u>

# English Montreal School Board

## Supplementary Information

Year ended June 30, 2022

(Unaudited)

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>ACCUMULATED SURPLUS</b>		
Balance, beginning of year and as previously reported	<b>57,786,436</b>	73,141,457
Prior year's restatements		<u>(2,434,325)</u>
Balance, restated	<b>57,786,436</b>	<u>70,707,132</u>
Total revenues	<b>393,818,003</b>	365,426,240
Total expenses	<b>374,582,791</b>	<u>378,346,936</u>
Deficiency of revenues over expenses	<b>19,235,212</b>	<u>(12,920,696)</u>
Balance, end of year	<b>77,021,648</b>	<u>57,786,436</u>
Accumulated operating surplus		
Land	<b>17,314,227</b>	17,358,823
School Board	<b>50,246,985</b>	31,153,846
Gain on disposal of property and equipment	<b>7,528,681</b>	7,187,480
Schools and centres	<b>1,931,755</b>	<u>2,086,287</u>
Balance, end of year	<b>77,021,648</b>	<u>57,786,436</u>
Excess (deficiency) of revenues over expenses		
School Board	<b>19,389,744</b>	(8,876,617)
Schools and centres	<b>(154,532)</b>	<u>(4,044,079)</u>
Excess (deficiency) of revenues over expenses	<b>19,235,212</b>	<u>(12,920,696)</u>