

Consolidated Financial Statements of

**CATHOLIC DISTRICT
SCHOOL BOARD OF
EASTERN ONTARIO**

Year ended August 31, 2025

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

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MANAGEMENT REPORT

Year ended August 31, 2025

Management's Responsibility for the Consolidated Financial Statements

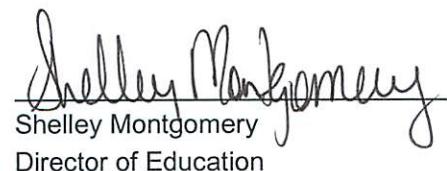
The accompanying consolidated financial statements of the Catholic District School Board of Eastern Ontario (the "Board") are the responsibility of Board management and have been prepared in compliance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee of the Board meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board's approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.



Shelley Montgomery
Director of Education

(date) November 18, 2025



Ashley Hutchinson
Superintendent of Business & Treasurer



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Catholic District School Board of Eastern Ontario

Opinion

We have audited the accompanying consolidated financial statements of the Catholic District School Board of Eastern Ontario (the "Board"), which comprise:

- the consolidated statement of financial position as at August 31, 2025
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Board as at August 31, 2025, and its consolidated results of operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the 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.



Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1 in the consolidated financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

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

Our opinion is not modified in respect of this matter.

Responsibility 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 the basis of accounting described in Note 1, 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 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risk 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.



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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, internal 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 purposes 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 the 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 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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive style and is underlined with a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

November 19, 2025

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Financial Position

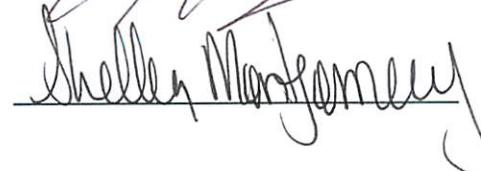
August 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash	\$ 8,775,788	16,350,264
Amounts receivable:		
Municipalities	2,145,018	2,261,878
Other	16,894,235	27,185,026
Approved capital funding - Government of Ontario (note 2)	32,562,995	35,198,372
Total financial assets	60,378,036	80,995,540
Liabilities:		
Accounts payable and accrued liabilities	11,868,920	24,619,526
Deferred revenue (note 3)	8,438,954	10,962,423
Deferred capital contributions (note 4)	152,880,452	154,204,631
Asset retirement obligation (note 5)	2,802,441	2,829,280
Employee future benefits liability (note 7)	3,236,670	3,034,690
Net long-term debt (note 8)	25,212,401	30,303,568
Total financial liabilities	204,439,838	225,954,118
Net debt	(144,061,802)	(144,958,578)
Non-financial assets:		
Prepaid expenses	6,274,607	6,107,921
Tangible capital assets (note 13)	157,568,743	158,961,316
Total non-financial assets	163,843,350	165,069,237
Commitments and contingent liabilities (note 16)		
Accumulated surplus (note 14)	\$ 19,781,548	\$ 20,110,659

See accompanying notes to consolidated financial statements.

On behalf of the Board:


Chair of the Board


Director of Education

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Operations and Accumulated Surplus

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

	2024-2025 Budget	2024-2025 Actual	2023-2024 Actual
Revenues:			
Government of Ontario grants:			
Core Education Funding (note 11)	\$ 199,995,249	\$ 215,602,683	\$ 207,005,988
Other	7,534,355	4,282,847	21,876,676
Ontario Youth Apprenticeship Program	231,479	193,007	109,202
Amortization of deferred capital contributions (note 4)	12,595,302	12,836,255	12,259,796
Investment income	435,000	599,760	888,918
Other fees and revenue	1,263,055	2,055,268	1,294,770
School generated funds (note 20)	4,061,779	5,303,939	4,799,352
Total revenue	226,116,219	240,873,759	248,234,702
Expenses (note 12):			
Instruction	156,926,721	175,510,353	171,782,976
Administration	5,664,546	5,727,684	5,719,210
Transportation	21,753,338	21,252,016	21,121,905
Pupil accommodation	31,072,158	33,158,098	31,199,597
Other	7,277,946	423,042	10,547,722
School generated funds (note 20)	3,791,312	5,131,677	4,527,807
Total expenses	226,486,021	241,202,870	244,899,217
Annual surplus (deficit)	(369,802)	(329,111)	3,335,485
Accumulated surplus, beginning of year	16,289,426	20,110,659	16,775,174
Accumulated surplus, end of year (note 14)	\$ 15,919,624	\$ 19,781,548	\$ 20,110,659

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Change in Net Debt

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

	2025	2024
Annual surplus (deficit)	\$ (329,111)	\$ 3,335,485
Tangible capital assets:		
Acquisition of tangible capital assets	(11,512,083)	(8,939,963)
Amortization of tangible capital assets	12,838,793	12,262,328
Amortization of asset retirement obligation	65,863	68,217
	<u>1,392,573</u>	<u>3,390,582</u>
Prepaid expenses and inventory:		
Acquisition of supplies inventory	—	(118,141)
Acquisition of prepaid expenses	(6,029,496)	(5,874,446)
Consumption of supplies inventory	—	118,141
Use of prepaid expenses	5,862,810	5,356,272
	<u>(166,686)</u>	<u>(517,174)</u>
Decrease in net debt	896,776	6,207,893
Net debt, beginning of year	(144,958,578)	(151,166,471)
Net debt, end of year	<u>\$ (144,061,802)</u>	<u>\$ (144,958,578)</u>

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Consolidated Statement of Cash Flows

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

	2025	2024
Operating transactions:		
Annual surplus (deficit)	\$ (329,111)	\$ 3,335,482
Items not involving cash:		
Amortization of tangible capital assets	12,838,793	12,262,329
Amortization of asset retirement obligation	65,863	68,217
Amortization of deferred capital contributions	(12,836,255)	(12,260,209)
Change in non-cash assets and liabilities:		
Decrease (increase) in amounts receivable -		
municipalities and other	10,407,651	(9,741,811)
Increase in prepaid expenses	(166,686)	(517,758)
Increase (decrease) in accounts payable and		
accrued liabilities	(12,750,606)	14,327,374
Decrease in deferred revenue	(2,523,469)	(966,098)
Increase (decrease) in employee future benefits liability	201,980	(625,738)
Change in asset retirement obligation liabilities	(26,839)	(50,412)
Cash provided by operating transactions	<u>(5,118,679)</u>	<u>5,831,376</u>
Capital transactions:		
Cash used to acquire tangible capital assets	(11,512,083)	(8,939,963)
Cash applied to capital transactions	<u>(11,512,083)</u>	<u>(8,939,963)</u>
Financing transactions:		
Net debt principal repayments and sinking		
fund contributions (note 10)	(5,091,167)	(4,822,149)
Decrease in amounts receivable - approved		
capital funding	2,635,377	5,049,375
Additions to deferred capital contributions	11,512,076	8,939,962
Cash provided by financing transactions	<u>9,056,286</u>	<u>9,167,188</u>
Increase (decrease) in cash	(7,574,476)	6,058,601
Cash, beginning of year	16,350,264	10,291,663
Cash, end of year	\$ 8,775,788	\$ 16,350,264

See accompanying notes to consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements

Year ended August 31, 2025

1. Significant accounting policies:

The consolidated financial statements of the Catholic District School Board of Eastern Ontario (the “Board”) are prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

These consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian public sector accounting standards commencing with their year ended August 31, 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations and accumulated surplus over the periods during which the asset is used to provided service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions included 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 require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard *PS3410 Government Transfers*;
- 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 Restricted Assets and Revenues*; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard *PS3510 Tax Revenue*.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

As a result, revenue recognized in the 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 Board:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting Board. The reporting Board 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.

The consolidated financial statements include the following organizations:

- (i) Student Transportation of Eastern Ontario ("STEO"): STEO is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Board's pro-rata share of each of the assets, liabilities, revenues and expenses is combined on a line-by-line basis in the financial statements. The Board is a member of STEO with the Upper Canada District School Board. STEO is a not-for-profit organization separately incorporated without share capital under the laws of Ontario. STEO's principal activity is to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the eastern Ontario area on behalf of the member school boards.
- (ii) School generated funds, which include the assets, liabilities, revenues, expenses, and fund balances of various organizations that exist at the school level and which are deemed to be controlled by the Board, have been reflected in the consolidated financial statements.

Inter-departmental and inter-organizational transactions and balances are eliminated in these consolidated financial statements.

(c) Temporary investments:

Temporary investments consist of marketable securities which are liquid short-term investments with maturities of between three months and one year at the date of acquisition. Investments are recorded at cost which approximates market value.

(d) Deferred revenue:

The Board receives amounts pursuant to legislation, regulation or agreement that may only be used for certain programs or in the delivery of specific services, performance obligations and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services are performed.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(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 of depreciable tangible capital assets received or receivable for use in providing services, shall be recognized as as deferred capital contributions as required under Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized into revenue at the same rate as the related tangible capital asset is amortized.

The following items fall under this category:

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

(f) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, service awards, and worker's compensation. The Board accrues its obligation for these employee benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with principals and vice-principals associations, Employee Life and Health Trusts (ELHTs) were established between 2016 and 2018 for all employee groups. Additionally, retirees belonging to the Principal/Vice Principal and Non-union employee groups have transitioned to the ELHT in 2017-18. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. School boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) and additional ministry funding in the form of a Crown contribution and Stabilization Adjustment. After retirees transitioned, the Board continues to be responsible for its share of cost of benefits based on the cost sharing arrangement prior to the transition to the ELHT.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(f) Retirement and other employee future benefits (continued):

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, insurance and health care costs trends, disability recovery rates, long-term inflation rates and discount rates. The cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining services life of the employee group.
- (ii) For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.
- (iii) For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation, life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.
- (iv) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
- (v) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(g) Accumulated surplus - available for compliance, internally appropriated:

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

2. Accounts receivable – Government of Ontario:

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009-10. The Board received a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board receives this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this account receivable.

The Board has an account receivable from the Province of Ontario of \$32,562,995 (2024 - \$35,198,372) as at August 31, 2025 with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2025 is \$10,772,497 (2024 - \$13,758,963).

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

3. Deferred revenue:

Deferred revenue consists of amounts received by the Board that are restricted for specific purposes by the funder and amounts that are required to be set aside by the Board for specific purposes by legislation, regulation or agreement.

Deferred revenue is comprised of:

	2025	2024
By legislation, regulation or agreement:		
School Renewal	\$ 1,379,332	\$ 838,395
Specialized Equipment per Pupil Amount (SEA)	—	862,062
Targeted Student Supports	—	619,990
Indigenous Education	482,281	274,044
Proceeds on Disposition	841,623	841,623
Special Education	4,258,844	5,165,896
Experiential Learning	—	212,604
Special Education – ASSD Funding	—	161,109
Mental Health Workers	155,689	155,689
Student Mental Health	347,349	347,349
Priorities and Partnerships Fund (PPF)	—	34,748
	7,465,118	9,513,509
Amounts restricted by external funder	973,836	1,448,914
	<hr/> \$ 8,438,954	<hr/> \$ 10,962,423

(a) School Renewal:

The Province provides specific funding to address the costs of repairing and renovating schools.

(b) Indigenous Education:

The province provides specific funding to be spent on expenses that support Indigenous education objectives.

(c) Proceeds on disposition:

The gains on disposition of deferred revenue are composed of gains generated from the sale of Board facilities. The Board intends to use this amount to fund future capital costs related to Board facilities.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

3. Deferred revenue (continued):

(d) Special Education:

Specific funding is provided by the Province to support the incremental expenditures for special education.

Specific funding is provided by the Province to support computers, software, computer-related devices and required supporting furniture identified for use by students with special education needs as well as all training and technician costs for all SEA equipment.

Starting in 2021-22, the funding for the ASSD program is enveloped through the GSN. This funding is provided to support additional targeted skills development opportunities, outside the instructional day to better equip students with ASD for classroom success.

(h) Mental Health Workers allocation:

Funding is provided for regulated mental health workers in secondary schools for specific roles.

(i) Student Mental Health allocation:

Funding is provided for resources and staff to support students' mental health.

(j) Responsive Education Programs (REP)

Funding is provided by the Province for separate initiatives determined by the Government.

4. 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. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset.

	2025	2024
Opening balance, September 1	\$ 154,204,631	\$ 157,523,720
Additions to deferred capital contributions	11,512,076	8,939,963
Revenue/adjustments recognized in the period	(12,836,255)	(12,259,052)
Ending balance, August 31	\$ 152,880,452	\$ 154,204,631

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

5. Asset retirement obligation liability:

The Board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at August 31, 2025, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2025	2024
Balance, beginning of year	\$ 2,829,280	\$ 2,879,692
Increase in liabilities reflecting change in the estimate	—	—
Liabilities settled during the year	(26,839)	(50,412)
Balance, end of year	\$ 2,802,441	\$ 2,829,280

6. Financial instruments:

The valuation of all financial instruments held by the board at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management

The board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the board's financial performance.

Credit risk:

The board's principal financial assets are cash, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the Consolidated Statement of Financial Position represent the board's maximum credit exposure as at the Consolidated Statement of Financial Position date.

Liquidity Risk:

Liquidity risk is the risk that the board will not be able to meet all cash flow obligations as they come due. The board mitigates the risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

6. Financial instruments (continued):

Market risk:

The board is exposed to interest rate risk and price risk with regard to its portfolio and other investments and interest rate risk on its long-term debt, all of which are regularly monitored.

The board's financial instruments consist of cash, temporary investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is the board's opinion that the board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

7. Retirement and other employee future benefits:

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

(a) Retirement benefits:

(i) Ontario Teacher's Pension Plan:

Teachers and related employee groups are eligible to be members of 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, 2025, the Board contributed \$3,731,310 (2024 - \$2,866,859) 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.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

7. Retirement and other employee future benefits (continued):

(a) Retirement benefits (continued):

(iii) Retirement gratuity benefits:

The Board provides retirement gratuities to certain groups of employees hired prior to specific dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

In 2016, OECTA ratified agreements at the local and central level, which included a voluntary retirement gratuity early payout provision. The provision provided OECTA members the option of receiving discounted frozen retirement gratuity benefit payments by August 31, 2016. This provision was also made available to all non-unionized school board employees, including principals and vice-principals. All payments were accrued at August 31, 2016.

(b) Other employee future benefits:

(i) Workplace Safety and Insurance Board (WSIB) obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. Plan changes made in 2012 require the Board to provide a salary top-up to a maximum of 4½ years for employees receiving payments from the Workplace Safety and Insurance Board, where previously negotiated collective agreements included such provision.

(ii) Sick leave top-up benefits:

A maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$100,102 (2024 - \$115,583).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as at August 31, 2025. This actuarial valuation is based on assumptions about future events.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

7. Retirement and other employee future benefits (continued):

(b) Other employee future benefits (continued):

(iii) Long-term disability life insurance and health care benefits:

ELHTs were established for all employee groups. There are no employee groups remaining for which the Board is responsible for providing Health, dental and Life insurance benefits as at August 31, 2025, and as a result, the liability for this benefit has been eliminated.

(iv) Post-employment 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 age of 65. The premiums are based on the Board's experience and retirees' premiums are subsidized by the Board. The benefit costs and liabilities related to the plan are provided through and unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, will no longer qualify for board subsidized premiums or contributions.

(c) Accrued benefit liability:

The accrued benefit obligations for employee future benefit plans as at August 31, 2025 are based on the most recent actuarial valuation completed for accounting purposes as at August 31, 2025. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2025	2024
Discount rate	3.8%	3.8%
Salary growth	0.00%	0.00%
Dental benefits escalation	5.0% for 2024/25 remaining at a flat rate each year	5.0% for 2023/24 remaining at a flat rate each year
Health benefits escalation	5.0% for 2024/25 remaining at a flat rate each year	5.0% for 2023/24 remaining at a flat rate each year

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

7. Retirement and other employee future benefits (continued):

(c) Accrued benefit liability (continued):

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

	2025	2024
Accrued benefit liability, beginning of year	\$ 3,034,690	\$ 3,660,427
Expense recognized for the year:		
Current service cost	961,563	68,312
Amortization of actuarial gains and losses	(63,912)	(48,706)
Interest cost	95,680	137,252
	4,028,021	3,817,285
Benefits paid for the year	(791,351)	(782,595)
Accrued benefit liability, end of year	\$ 3,236,670	\$ 3,034,690

Accrued benefit obligation:

	2025	2024
Retirement gratuity	\$ 611,426	\$ 799,623
Sick leave top-up benefits	143,939	158,015
Post-employment benefits	32,275	49,485
WSIB	2,449,030	2,027,393
Accrued benefit obligation, end of year	3,236,670	3,034,516
Net unamortized actuarial gain	(3,389)	(20,173)
Accrued benefit liability, end of year	\$ 3,233,281	\$ 3,014,343

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

8. Net long-term debt:

Net long-term liabilities reported on the "Consolidated Statement of Financial Position" consists of the following:

	2025	2024
Debentures	\$ 9,675,902	\$ 12,766,347
Loans	15,536,499	17,537,221
	\$ 25,212,401	\$ 30,303,568

The respective interest rates on the loan and debentures range from 3.5% to 7.2% and the respective maturity dates on the loans and debentures range from 2025 to 2038.

Principal payments relating to the net long-term debt outstanding as at August 31, 2025 are due as follows:

	Principal	Interest	Total
2025-2026	\$ 4,091,667	\$ 1,268,382	\$ 5,360,049
2026-2027	4,069,115	1,052,730	5,121,845
2027-2028	3,862,888	828,535	4,691,423
2028-2029	3,286,727	630,386	3,917,113
2029-2030	2,404,100	464,706	2,868,806
Thereafter	7,497,904	966,245	8,464,149
	\$ 25,212,401	\$ 5,210,984	\$ 30,423,385

Interest on long-term debt amounted to \$1,541,517 (2024 - \$1,809,304).

9. Temporary borrowing:

The Board has credit facilities available to a maximum of \$19,075,000 to address operating requirements and to bridge capital expenditures.

Interest on the operations facilities is charged at the bank's prime lending rate minus 0.7% or the banker's acceptance rate plus 0.2%. All loans are unsecured, due on demand.

As at August 31, 2025, the amount drawn on the credit facility was \$1,006,000 (2024 - \$Nil).

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

10. Debt charges and capital loans interest:

The payments made for debt charges and capital loans include principal and interest payments as follows:

	2025	2024
Debt principal repayments and sinking fund contributions	\$ 5,091,167	\$ 4,822,149
Interest payments on long-term liabilities	1,537,459	1,806,477
	<hr/> \$ 6,628,626	<hr/> \$ 6,628,626

11. Core Education Funding:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 92% percent of the consolidated revenues of the board are directly controlled by the provincial government through the core education funding.

The payment amounts of this funding are as follows:

	2025	2024
Provincial Legislative Grants	\$ 198,519,069	\$ 190,445,489
Education Property Tax	17,083,614	16,560,499
	<hr/> \$ 215,602,683	<hr/> \$ 207,005,988

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

12. Expenses by object:

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

	2024-2025 Budget	2024-2025 Actual	2023-2024 Actual
Expenses by object:			
Salary and wages	\$ 137,483,762	\$ 154,005,501	\$ 162,086,652
Employee benefits	25,211,847	26,689,418	25,085,499
Staff development	1,049,384	926,697	1,185,345
Supplies and services	15,276,208	16,721,658	16,231,810
Interest	1,729,267	1,541,517	1,809,304
Rental expenses	65,672	79,953	48,141
Fees and contract services	26,840,929	27,639,368	25,362,005
Other	6,169,226	694,102	759,915
Amortization of tangible capital assets	12,597,834	12,838,793	12,262,329
Amortization and net loss - ARO	61,892	65,863	68,217
	\$ 226,486,021	\$ 241,202,870	\$ 244,899,217

13. Tangible capital assets:

Cost	Balance at August 31, 2024	Additions	Disposals, write-offs and adjustments	Balance at August 31, 2025
Land	\$ 3,845,837	\$ —	\$ —	\$ 3,845,837
Land improvements	6,014,023	877,773	—	6,891,796
Buildings	286,518,250	6,539,254	—	293,057,504
Construction-in-progress	245,184	3,200,660	—	3,445,844
Portable structures	8,881,028	241,712	1,675,894	7,446,846
Portable structures- in-progress	322,826	—	—	322,826
First-time equipping of schools	194,193	—	189,673	4,520
Furniture	288,840	46,659	—	335,499
Equipment	846,942	—	31,319	815,623
Computer hardware	4,414,869	439,012	592,740	4,261,141
Computer software	1,842	—	—	1,842
Vehicles	486,251	167,013	—	653,264
Total	\$ 312,060,085	\$ 11,512,083	\$ 2,489,626	\$ 321,082,542

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

13. Tangible capital assets (continued):

Accumulated amortization	Balance at August 31, 2024	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2025
Land	\$ —	\$ —	\$ —	\$ —
Land improvements	3,672,849	794,141	—	4,466,990
Buildings	139,732,145	10,041,983	—	149,774,128
Construction-in-progress	—	—	—	—
Portable structures	6,270,157	414,152	1,675,894	5,008,415
Portable structures- in-progress	—	—	—	—
First-time equipping of schools	184,032	9,936	189,673	4,295
Furniture	170,487	31,217	—	201,704
Equipment	406,539	128,066	31,319	503,271
Computer hardware	2,228,395	1,446,002	592,740	3,081,657
Computer software	1,657	—	—	1,657
Vehicles	432,508	39,159	—	471,667
Total	\$ 153,098,769	\$ 12,904,656	\$ 2,489,626	\$ 163,513,799

	Net book value August 31, 2025	Net book value August 31, 2024
Land	\$ 3,845,837	\$ 3,845,837
Land improvements	2,424,806	2,341,174
Buildings	143,283,361	146,786,105
Construction-in-progress	3,445,844	245,184
Portable structures	2,438,431	2,610,871
Portable structures-in-progress	322,826	322,826
First-time equipping of schools	225	10,161
Furniture	133,795	118,353
Equipment	312,352	440,403
Computer hardware	1,179,484	2,186,474
Computer software	185	185
Vehicles	181,597	53,743
Total	\$ 157,568,743	\$ 158,961,316

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

14. Accumulated surplus:

Accumulated surplus consists of the following:

	2025	2024
Available for compliance - unappropriated		
Total operating accumulated surplus	\$ 11,924,255	\$ 11,923,565
Available for compliance - internally appropriated		
ICT hardware	1,352,306	1,352,306
HR, Payroll, Finance Reporting Software	1,586,125	2,000,000
Workers' Safety Insurance Board (WSIB)	296,467	296,467
School budget carryover	321,973	321,973
Assistive technology	17,589	17,589
Assessment	7,853	7,853
Educational support professional development	36,501	36,501
Sinking Fund Interest – committed	37,271	40,508
Special Incidence Portion – Special Education	280,162	280,162
Religion Digital Resources	129,340	273,580
Student Support – P/VP	25,108	25,108
Total accumulated surplus available for compliance	4,090,695	4,652,047
Unavailable for compliance		
Interest to be accrued	(379,915)	(478,228)
School generated funds (note 16)	2,298,641	2,126,379
Asset retirement obligation	(1,997,965)	(1,958,941)
Revenue recognized for land	3,845,837	3,845,837
Total accumulated surplus unavailable for compliance	3,766,598	3,535,047
Total accumulated surplus	\$ 19,781,548	\$ 20,110,659

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

15. Ontario School Board Insurance Exchange (OSBIE):

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks.

Liability insurance is available to a maximum of \$5,000,000 per occurrence. Premiums paid to OSBIE for the policy year ending December 31, 2025 amounted to \$453,272 (2024 - \$350,361).

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

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

- 1) In the event that the board of directors determines, in its absolute discretion, that the exchange has accumulated funds in excess of those required to meet the obligations of the Exchange, in respect of claims arising in prior years in respect of the underwriting group, the Board of Directors may reduce the actuarially determined rate for policies of insurance or may grant premium credits or policyholder dividends for that underwriting group in any subsequent underwriting year.
- 2) Upon termination of the exchange of reciprocal contracts of insurance within an Underwriting Group, the assets related to the Underwriting Group, after payment of all obligations, and after setting aside an adequate reserve for further liabilities, shall be returned to each Subscriber in the Underwriting Group according to its subscriber participation ratio and after termination the reserve for future liabilities will be reassessed from time to time and when all liabilities have been discharged, any remaining assets returned as the same basis upon termination.

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

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

16. Commitments and contingent liabilities:

(a) Litigation:

The Board is involved with pending litigation and claims which arose in the normal course of operations. In the opinion of the administration, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the Board. Any adjustments, arising from these matters, will be provided for in future years.

(b) Contractual obligations:

The Board has a total of \$3,114,022 (2024 – \$2,149,747) of contractual obligations at year end relating to the construction or renovation of buildings.

17. Transportation consortium:

The Board is a member of the Student Transportation of Eastern Ontario (“STEO”) consortium with the Upper Canada District School Board, effective February 1, 2012. The consortium will provide joint governance and administration of student transportation services provided to students registered with the two member boards.

Related party transactions and balances with STEO include the following:

- (i) The Board paid STEO \$20,269,898 (2024 - \$20,908,064) for student transportation services in the year.
- (ii) The Board has a receivable from STEO of \$120,678 (2024 - payable of \$27,474) for student transportation services.

STEO's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2025 are as follows:

	2025	2024
Financial assets	\$ 495,016	\$ 4,001,823
Financial liabilities	617,353	4,032,090
Net debt	(122,337)	(30,267)
Non-financial assets	(122,337)	(30,267)
Accumulated surplus	\$ –	\$ –

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

18. Transportation consortium (continued):

STEO's assets, liabilities, revenue, expenses and surplus for the year ended August 31, 2025 are as follows (continued):

	2025	2024
Revenue	\$ 55,838,180	\$ 54,607,310
Expenses	55,838,180	54,607,310
Annual deficit	\$ -	\$ -

19. Repayment of "55 School Board Trust" funding:

On June 1, 2003, the Board received \$5,138,566 from The 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30-year agreement it entered into with the trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the trust. Under the terms of the agreement, The 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position. The flow-through of \$382,827 (2024 - \$382,827) in grants in respect of the above agreement for the year ended August 31, 2025, is recorded in these consolidated financial statements.

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

20. School generated funds:

	2024-2025 Budget	2024-2025 Actual	2023-2024 Actual
Revenues:			
School fundraising and other	\$ 4,061,779	\$ 5,303,939	\$ 4,799,356
Expenses:			
School funded activities	3,791,312	5,131,677	4,527,811
Annual surplus (deficit)	270,467	172,262	271,545
Opening accumulated surplus - school generated funds	2,126,379	2,126,379	1,854,834
Closing accumulated surplus - school generated funds	\$ 2,396,846	\$ 2,298,641	\$ 2,126,379

21. In-kind transfers from the Ministry of Government and Consumer Services:

The Board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Government and Consumer Services (MGCS). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MGCS and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$Nil (2024 - \$118,142) with expenses based on use of \$Nil (2024 - \$118,142) for a net impact of \$Nil (2024 - \$Nil).

22. Future accounting standards adoption:

The Board is in the process of assessing the impact of the upcoming new standards and the extent of the impact of their adoption on its financial statements. Applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Board for as of September 1, 2026 for the year ending August 31, 2027). Standards must be implemented at the same time:

New Public Sector Accounting Standards (PSAS) Conceptual Framework:

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

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

CATHOLIC DISTRICT SCHOOL BOARD OF EASTERN ONTARIO

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

22. Future accounting standards adoption (continued):

The main changes are:

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

The framework is expected to be implemented prospectively.

Reporting Model – PS 1202 – Financial Statement Presentation

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

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets- accumulated other and issued share capital
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Change in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets/Liabilities

Financing transactions presented separately from operating, capital and investing transactions in the Statement of Cash Flows

23. Comparative figures:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements.