

English Montreal School Board
Financial Statements
June 30, 2021

Independent Auditor's Report	2 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Earnings	6
Statement of Accumulated Surplus	7
Statement of Changes in Net Debt	8
Statement of Cash Flows	9
Notes to Financial Statements	10 - 22
Supplementary Information	23 - 24

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, 2021, 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, 2021, 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 LLP¹

Montréal
October 12, 2021

¹ CPA auditor, CA public accountancy permit no. A117472

English Montreal School Board

Statement of Financial Position

June 30, 2021

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	3,045,421	849,236
Operating grants receivable (Note 6)	13,809,153	28,469,417
Investment grants receivable (Note 7)	321,116,913	290,074,874
Financing grants receivable	2,012,528	2,051,948
Accounts receivable (Note 8)	73,320,010	66,638,862
Inventories held for resale	206,366	241,213
Investments in fixed income, 0.20% to 1.52% (1.75% to 2.5% as at June 30, 2020), maturing in 2022	245,007	422,156
Other assets	595,658	
	<u>414,351,056</u>	<u>388,747,706</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	61,766,361	51,643,496
Deferred investment grant (Note 10)	269,308,601	232,135,783
Deferred revenues	7,767,803	11,752,724
Allowance for employee benefits (Note 12)	16,678,473	16,629,784
School Board's share of the long-term debt subject to a pledge of grant held by the CGTSIM (Note 13)	298,392,822	283,219,051
Liability for contaminated sites	2,012,528	2,051,948
Other liabilities (Note 14)	19,762,586	4,330,724
	<u>675,689,174</u>	<u>601,763,510</u>
NET DEBT	<u>(261,338,118)</u>	<u>(213,015,804)</u>
NON-FINANCIAL ASSETS		
Property and equipment (Note 15)	317,917,174	282,358,202
Inventories – Supplies	902,609	885,144
Prepaid expenses	304,771	479,590
	<u>319,124,554</u>	<u>283,722,936</u>
ACCUMULATED OPERATING SURPLUS	<u>57,786,436</u>	<u>70,707,132</u>

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

English Montreal School Board

Statement of Earnings

Year ended June 30, 2021

	<u>2021</u>	Restated
	\$	2020
		\$
Revenues		
Ministère de l'Éducation (MEQ) operating grants	255,699,766	238,702,799
Investment grants	441,604	407,327
Other grants and contributions	1,351,982	1,496,467
School taxes	71,794,165	69,719,438
Tuition and course-related fees	8,556,027	10,267,934
Sales of goods and services	10,379,890	12,942,715
Other revenues	4,411,083	4,158,782
Amortization of deferred investment grant	12,791,723	11,357,418
	<u>365,426,240</u>	<u>349,052,880</u>
Expenses		
Teaching activities	171,219,853	171,008,199
Educational support activities	87,376,774	89,274,081
Extracurricular activities	23,580,700	23,292,381
Administrative activities	15,268,452	18,902,526
Property and equipment activities	40,648,772	38,968,807
Salary retroactivity and pay equity (Note 11)	21,187,788	
Other	19,015,908	18,664,613
Expenses related to the variation of the allowance for employee benefits (Note 12)	48,689	(1,257,897)
	<u>378,346,936</u>	<u>358,852,710</u>
Deficiency of revenues over expenses	<u>(12,920,696)</u>	<u>(9,799,830)</u>

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

English Montreal School Board

Statement of Accumulated Surplus

Year ended June 30, 2021

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
Balance, beginning of year		
Balance, as previously reported	73,141,457	82,941,287
Accounting change (Note 3)	(2,434,325)	(2,434,325)
Balance, restated	70,707,132	80,506,962
Deficiency of revenues over expenses	(12,920,696)	(9,799,830)
Balance, end of year	<u>57,786,436</u>	<u>70,707,132</u>

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, 2021

	2021	Restated 2020
	\$	\$
Balance, beginning of year		
Balance, as previously reported	(210,581,479)	(187,638,075)
Accounting change (Note 3)	(2,434,325)	(2,434,325)
Balance, restated	(213,015,804)	(190,072,400)
Deficiency of revenues over expenses	(12,920,696)	(9,799,830)
Variations due to property and equipment		
Acquisition of property and equipment (Note 15)	(50,100,571)	(34,351,044)
Amortization of property and equipment	14,541,599	13,802,587
Disposition of property and equipment		6,954,752
	(35,558,972)	(13,593,705)
Variation due to prepaid expenses and inventories	157,354	450,131
Increase in net debt	(48,322,314)	(22,943,404)
Balance, end of year	(261,338,118)	(213,015,804)

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

English Montreal School Board

Statement of Cash Flows

Year ended June 30, 2021

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(12,920,696)	(9,799,830)
Non-cash items		
Allowance for employee future benefits	48,689	(1,257,897)
Prepaid expenses and inventories – Supplies	157,354	450,131
Amortization of deferred investment grant	(12,791,723)	(11,357,418)
Amortization of property and equipment	14,541,599	13,802,587
Variations due to operating assets and liabilities	60,498,000	30,454,697
Cash flows from operating activities	<u>49,533,223</u>	<u>22,292,270</u>
INVESTING ACTIVITIES		
Acquisition of property and equipment	(47,337,038)	(31,279,348)
Disposition of property and equipment		6,954,752
Cash flows from investing activities	<u>(47,337,038)</u>	<u>(24,324,596)</u>
Net increase (decrease) in cash and cash equivalents	2,196,185	(2,032,326)
Cash and cash equivalents, beginning of year	849,236	2,881,562
Cash and cash equivalents, end of year	<u>3,045,421</u>	<u>849,236</u>

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

English Montreal School Board

Notes to Financial Statements

June 30, 2021

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, 2021

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, 2021

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

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

Liability for contaminated sites

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

The liability for contaminated sites includes estimated costs of contaminated site management and decontamination. The School Board 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, 2021. 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, 2021

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, 2021

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 - ACCOUNTING CHANGE

Government transfers

On March 9, 2021, the Government of Quebec announced its decision to modify the application of the accounting standard on government transfers. This change results in the subsidies receivable being recognized more quickly in the School Board's financial statements since it will be done over the period during which the eligible work of the School Board is carried out. This change was applied retroactively and prior periods have been restated.

English Montreal School Board

Notes to Financial Statements

June 30, 2021

3 - ACCOUNTING CHANGE (Continued)

Thus, the changes made on July 1, 2019 and June 30, 2020 consist mainly of recording an investment subsidy receivable and a deferred investment grant. In return, the subsidy related to the financing of property and equipment was withdrawn.

This change in the accounting method had the effect to increase or decrease the following items in the financial statements:

	Restated 2020
	<u> </u> \$
Financial assets	
Investment grant receivable	290,061,155
Financing grant – Property and equipment prior to July 1, 2008	(32,626,637)
Financing grant – Property and equipment after July 1, 2008	(30,417,542)
Liabilities	
Deferred investment grant	232,135,783
Deferred contributions related to the acquisition of property and equipment	(2,684,482)
Accumulated surplus and net debt, beginning of year	(2,434,325)
Revenues	
Ministère de l'Éducation (MEQ) operating grants	(11,428,152)
Investment grant	407,327
Amortization of debt fees (in other expenses)	(167,478)
Amortization of deferred contributions related to the acquisition of property and equipment (in other revenues)	(169,115)
Amortization of deferred investment grant	11,357,418
Excess (deficit) for the year	-

4 - BUDGET FORECAST PRESENTATION

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

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, 2021

4 - BUDGET FORECAST PRESENTATION (Continued)

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

	Budget 2020-2021	Actual 2020-2021
	\$	\$
Revenues		
MEQ operating grants	251,852,876	255,699,766
Investment grants	770,480	441,604
Other grants and contributions	940,000	1,351,982
School taxes	71,970,239	71,794,165
Tuition and course-related fees	11,484,480	8,556,027
Sales of goods and services	17,310,170	10,379,890
Other revenues	1,205,193	4,411,083
Amortization of deferred investment grant	12,656,793	12,791,723
Total revenues	<u>368,190,231</u>	<u>365,426,240</u>
Expenses		
Teaching activities	172,658,436	171,219,853
Educational support activities	101,648,516	87,376,774
Extracurricular activities	25,417,045	23,580,700
Administrative activities	18,097,785	15,268,452
Property and equipment activities	40,781,864	40,648,772
Salary retroactivity and pay equity		21,187,788
Other	17,545,441	19,015,908
Expenses related to the variation of the allowance for employee benefits	(201,579)	48,689
	<u>375,947,508</u>	<u>378,346,936</u>
Deficiency of revenues over expenses	<u>(7,757,277)</u>	<u>(12,920,696)</u>

5 - CASH FLOWS

	2021	Restated 2020
	\$	\$
Interest paid during the year	23,156	53,121
Interest received during the year	134,267	160,951

English Montreal School Board

Notes to Financial Statements

June 30, 2021

6 - OPERATING GRANTS RECEIVABLE

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
MEQ		
Youth, adult and vocational education	13,401,180	14,744,591
Debt service	(28,893)	88,140
Transportation	99,345	(269,461)
Contaminated sites	157,921	469,129
Other grants	179,600	245,518
Financing of employee future benefits		13,191,500
	<u>13,809,153</u>	<u>28,469,417</u>

7 - INVESTMENT GRANTS RECEIVABLE

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
Investment grant receivable (budgetary parameters)	321,105,171	290,061,154
Investment grant receivable (other)	11,742	13,720
	<u>321,116,913</u>	<u>290,074,874</u>

8 - ACCOUNTS RECEIVABLE

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
Accounts receivable – CGTSIM	67,763,418	62,185,011
Accounts receivable – Other	3,986,105	3,788,278
Sabbatical leave receivable	306,561	299,895
Commodity taxes receivable	1,907,498	762,250
	<u>73,963,582</u>	67,035,434
Allowance for doubtful accounts	(643,572)	(396,572)
	<u>73,320,010</u>	<u>66,638,862</u>

9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
Trade accounts payable and accrued liabilities	9,226,839	11,616,778
Salaries and benefits payable	31,504,924	26,649,382
Accrual for pay equity (Note 11)	5,190,415	
Sabbatical leave payable	2,518,411	2,815,097
Holdbacks on contracts and accounts payable – Property and equipment	13,325,772	10,562,239
	<u>61,766,361</u>	<u>51,643,496</u>

English Montreal School Board

Notes to Financial Statements

June 30, 2021

10 - DEFERRED INVESTMENT GRANT

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
Balance, beginning of year	232,135,783	216,731,703
Amounts recognized as deferred contributions	49,964,541	26,761,498
Contributions recognized as revenues for the year	<u>(12,791,723)</u>	<u>(11,357,418)</u>
Balance, end of year	<u>269,308,601</u>	<u>232,135,783</u>

11 - ACCRUAL FOR SALARY RETROACTIVITY AND PAY EQUITY

An amount of \$15,997,373 (Note 14) has been reserved for salary increases and lump-sum amounts retroactively to April 1, 2019. An additional amount of \$5,190,415 (Note 9) has been reserved for pay equity retroactively to December 31, 2010.

At June 30, 2021, funding for these provisions has not been received nor confirmed.

12 - 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 30th if they are not used at that date.

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
Vacation	7,749,035	7,087,451
Other sick leave	822,927	797,906
Salary insurance	382,712	1,072,658
Other social benefits	230,952	109,830
Sick leave convertible into cash – Teachers	4,949,240	5,090,014
Employer contributions payable	<u>2,543,607</u>	<u>2,471,925</u>
	<u>16,678,473</u>	<u>16,629,784</u>

13 - SCHOOL BOARD'S SHARE OF THE LONG-TERM DEBT SUBJECT TO A PLEDGE OF GRANT HELD BY THE CGTSIM

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

English Montreal School Board

Notes to Financial Statements

June 30, 2021

14 - OTHER LIABILITIES

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
CNESST's retrospective program provision		1,170,857
Class action	75,535	75,535
Other	3,689,678	3,084,332
Accrual for salary retroactivity and lump-sum amounts (Note 11)	15,997,373	
	<u>19,762,586</u>	<u>4,330,724</u>

15 - PROPERTY AND EQUIPMENT

	<u>2021</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	\$	\$	\$
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
	<u>580,662,068</u>	<u>262,744,894</u>	<u>317,917,174</u>
			Restated 2020
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	\$	\$	\$
Land and land development			
Land	17,358,823		17,358,823
Land development	19,119,641	3,688,379	15,431,262
Buildings			
Buildings	258,601,181	197,382,496	61,218,685
Major building improvements	199,060,144	29,305,435	169,754,709
Material and equipment	25,640,721	14,687,136	10,953,585
Specialized pedagogical teaching equipment	13,959,870	6,994,944	6,964,926
Computer development	1,543,934	867,722	676,212
	<u>535,284,314</u>	<u>252,926,112</u>	<u>282,358,202</u>

The total amount of property and equipment includes \$59,243,790 of property and equipment in progress or development (\$34,368,742 as at June 30, 2020), \$4,212,635 for land development (\$5,058,818 as at June 30, 2020) and \$55,031,155 for major improvements and transformation (\$29,309,924 as at June 30, 2020). No amortization is taken on these property and equipment.

English Montreal School Board

Notes to Financial Statements

June 30, 2021

15 - PROPERTY AND EQUIPMENT (Continued)

As at June 30, 2021, accounts payable and accrued liabilities include \$13,325,772 that relate to the acquisition of property and equipment (\$10,562,239 as at June 30, 2020).

16 - 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, 2021.

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.

English Montreal School Board

Notes to Financial Statements

June 30, 2021

17 - 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 \$30,745,991 for construction, renovation and land improvement agreements to be completed during 2021-2022;
- An amount of \$32,392,421 for long-term lease agreements for the rental of photocopiers and other contracts maturing at different dates between 2021 and 2032. Minimum lease payments for the next five years are \$10,509,963 in 2022, \$5,135,385 in 2023, \$2,278,069 in 2024, \$1,934,443 in 2025 and \$1,657,859 in 2026;
- An amount of \$2,374,224 for professional development to be completed during 2021-2022;
- An amount of \$547,104 for apprenticeship programs to be completed during 2021-2022;
- An amount of \$8,237,280 for school transportation contracts, which mature on June 30, 2022.

Contractual rights

The School Board has concluded leases of premises, which mature in 2022 and provide for rents amounting to \$1,458,623.

18 - CONTINGENCIES

As at June 30, 2021, outstanding claims against the School Board amount to \$16,230,865 (\$15,651,200 as at June 30, 2020) and consist of various claims on construction contracts and other. In order to cope with potential losses from such claims, a provision of \$350,493 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.

19 - RELATED PARTY TRANSACTIONS

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

During the year, the School Board received audiovisual equipment from the MEQ for a value of \$1,018,137. As a result, the School Board recorded a deferred investment grant for the same amount which will be amortized in revenues at the same rate as the audiovisual equipment is expensed.

English Montreal School Board

Notes to Financial Statements

June 30, 2021

19 - RELATED PARTY TRANSACTIONS (Continued)

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.

20 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year following the accounting change disclosed in Note 3.

English Montreal School Board

Supplementary Information

Year ended June 30, 2021

(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.

	2021	Restated 2020
	\$	\$
EXPENSES BY NATURE		
Teaching activities		
Salaries and fringe benefits	161,558,204	160,384,044
Other expenses	9,661,649	10,624,155
	<u>171,219,853</u>	<u>171,008,199</u>
Educational support activities		
Salaries and fringe benefits	76,519,035	76,273,580
Other expenses	10,857,739	13,000,501
	<u>87,376,774</u>	<u>89,274,081</u>
Extracurricular activities		
Salaries and fringe benefits	10,535,749	11,555,902
Other expenses	13,044,951	11,736,479
	<u>23,580,700</u>	<u>23,292,381</u>
Administrative activities		
Salaries and fringe benefits	10,956,818	14,817,695
Other expenses	4,311,634	4,084,831
	<u>15,268,452</u>	<u>18,902,526</u>
Property and equipment activities		
Salaries and fringe benefits	10,661,829	11,093,500
Amortization of property and equipment	14,541,599	13,802,587
Other expenses	15,445,344	14,072,720
	<u>40,648,772</u>	<u>38,968,807</u>
Other activities		
Salaries and fringe benefits	22,335,139	1,933,917
Debt service	1,383,154	613,208
Environmental liability	(19,601)	9,611
Allowance for doubtful accounts	278,990	553,178
Other expenses	16,226,014	15,554,699
	<u>40,203,696</u>	<u>18,664,613</u>
Allowance for employee benefits	48,689	(1,257,897)
	<u>378,346,936</u>	<u>358,852,710</u>

English Montreal School Board

Supplementary Information

Year ended June 30, 2021

(Unaudited)

	<u>2021</u>	Restated <u>2020</u>
	\$	\$
ACCUMULATED SURPLUS		
Balance, beginning of year and as previously reported	73,141,457	82,941,287
Prior year's restatements	(2,434,325)	(2,434,325)
Balance, restated	70,707,132	80,506,962
Total revenues	365,426,240	348,885,402
Total expenses	378,346,936	358,685,232
Deficiency of revenues over expenses	(12,920,696)	(9,799,830)
Balance, end of year	57,786,436	70,707,132
Accumulated operating surplus		
Land	17,358,823	17,358,823
School Board	31,153,846	40,030,463
Gain on disposal of property and equipment	7,187,480	7,187,480
Schools and centres	2,086,287	6,130,366
Balance, end of year	57,786,436	70,707,132
Excess (deficiency) of revenues over expenses		
School Board	(8,876,617)	(11,756,919)
Schools and centres	(4,044,079)	1,957,089
Deficiency of revenues over expenses	(12,920,696)	(9,799,830)